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China Report

ECONOMIC AFFAIRS

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30 October 1985

CHINA REPORT

ECONOMIC AFFAIRS

CONTENTS

PEOPLE'S REPUBLIC OF CHINA

NATIONAL POLICY AND ISSUES

Economic Structural Reform, Reform of Statistical Work Discussed (Yue Wei; TONGJI YANJIU, No 1, 7 Mar 85)	1
Development of Rural Industry Discussed (Dong Han Ting, Xue Tao; JINGJI GUANLI, No 8, 5 Aug 85) .	11
State Monopoly in Transport Services Ends (XINHUA, 4 Oct 85)	16
Official on Progress in Economic Restructuring (XINHUA, 6 Oct 85)	18
PRC's Industrial Output Value Increases (XINHUA, 10 Oct 85)	20
Economic Commission on Jan-Sep Energy Output (XINHUA, 10 Oct 85)	21
PRC Measures To Slow Industrial Growth Effective (XINHUA, 10 Oct 85)	22
National Urban Environmental Conference Opens (XINHUA, 11 Oct 85)	24
XINHUA on Coming National Industrial Survey (XINHUA, 11 Oct 85)	25
First Stage Price Reform Termed 'Plain Sailing' (XINHUA, 12 Oct 85)	26

Briefs	
Loans for Railway Construction	28
Light Industry Output Record	28
New Regulations for Resource Use	28
Transport, Postal Service Laws	29
'Northeast Economic Zone' Established	29
Asia-Pacific Telecommunications Meeting	29

PROVINCIAL AFFAIRS

Hebei Surpassed Sixth 5-Year Plan Industrial Output Targets (Hebei Provincial Service, 29 Sep 85)	30
Jiangsu Industry Shows Steady Development (ZHONGGUO XINWEN SHE, 10 Oct 85)	31
RENMIN RIBAO, XINHUA on Central Delegation in Xinjiang (XINHUA Domestic Service, 12 Oct 85)	32
Jilin Organizes Work Groups for Disaster-Hit Areas (Jilin Provincial Service, 12 Oct 85)	35
Tianjin: Municipal People's Congress Session Opens (Tianjin City Service, 12 Oct 85)	37
Shandong Holds Forum on Work of Islands (Shandong Provincial Service, 13 Oct 85)	40
Briefs	
Guangdong Develops Industry, Economy	42
Artistic Works Exhibition	42
Japanese Businessmen in Xinjiang	42

ECONOMIC DEVELOPMENT ZONES

Gu Mu--No Change in Open Coastal Cities Policy (XINHUA, 24 Sep 85)	43
---	----

ECONOMIC PLANNING

Shanghai Mayor Interviewed on New Technologies (XINHUA, 10 Oct 85)	44
XINHUA Comments on Next Steps in Economic Plans (XINHUA, 11 Oct 85)	45
Lanzhou Office for Provincial Cooperation Planned (XINHUA, 13 Oct 85)	47

ECONOMIC MANAGEMENT

Top Chinese Economist on Development of West China (Xue Muqiao; JINGJI RIBAO, 11 Aug 85)	48
---	----

Briefs		
Leadership Groups Reorganized		50
FINANCE AND BANKING		
Bank Functions Must Be Vigorously Developed		
(Pan Muping; SHIJIE JINGJI DAOBAO, 15 Jul 85)		51
Briefs		
Yunnan Financial Revenue		54
INDUSTRY		
Briefs		
Industrial Production Statistics		55
CONSTRUCTION		
Briefs		
Xinjiang Railway Construction		56
DOMESTIC TRADE		
National Garment Exhibition Opens in Beijing		
(XINHUA, 30 Sep 85)		57
FOREIGN TRADE AND INVESTMENT		
Sino-U.S. Car Assembly Venture Begins Production		
(AFP, 26 Sep 85)		59
XINHUA Notes Growth of PRC Economic Legislation		
(XINHUA, 28 Sep 85)		61
PRC to Gradually Tighten Controls Over Exports		
(Lawrence MacDonald; AFP, 9 Oct 85)		63
Beijing Press Briefing Held on Guangzhou Fair		
(XINHUA, 9 Oct 85)		65
International Economic, Technological Cooperation, Trade Talks		
(HEBEI RIBAO, 3 Sep 85)		66
Briefs		
Electronic Products Exports		67
Boost in Tourist Trade		67
Ministries Issue Import Inspection Regulations		67
People's Daily Computerized		68
Growing Export Market		68
Guangdong Power Investments		68
Chinese-German Training Center		69

SPECIAL ECONOMIC ZONES

Special Economic Zones Increase Commodity Exports (XINHUA, 28 Sep 85)	70
--	----

Briefs Shenzhen Exports Develop	72
--	----

LABOR AND WAGES

Technical Personnel Made Trade Union Leaders in Beijing (GONGREN RIBAO, 14 Aug 85)	73
---	----

Briefs Jordanian Trade Union Delegation	76
--	----

TRANSPORTATION

Reconstruction of Qinghai-Xizang Highway Completed (Xu Haifan; JINGJI RIBAO, 17 Aug 85)	77
--	----

PUBLICATION

Briefs Mongolian History Annual	78
--	----

ABSTRACTS

INTERNATIONAL FINANCE

SHIJIE JINJI /WORLD ECONOMY/, No 7, 10 Jul 85	79
---	----

TAIWAN

Vice Economics Minister on U.S. Trade Protection (CNA, 4 Oct 85)	80
---	----

September Foreign Trade Figures Up Over 1984 (CNA, 9 Oct 85)	81
---	----

Briefs U.S. Textile Quota Bill	82
Taiwan-U.S. Trade Talks	82
Lower Economic Growth	82

HONG KONG MEDIA ON CHINA

Yanbian Implements Open Door Policy (Jiang Guoyuan; TA KUNG PAO, 10 Sep 85)	84
--	----

PRC Increases Number of Guarantors for Foreign Loans (Paul Sham; SOUTH CHINA MORNING POST, 30 Sep 85)	86
Macao, PRC To Establish Industrial Joint Venture (Paul Sham; SOUTH CHINA MORNING POST, 9 Oct 85)	88
Exports Committee Speeds Up Licensing for High-Tech Goods to PRC (Peter Robinson; SOUTH CHINA MORNING POST, 9 Sep 85)	90
Now Miniscule, Coal Exports Could Take a Quantum Leap (Zhao Wei; JINGJI DAOBAO, No 33, 19 Aug 85)	92
PRC Paper Criticizes Provinces for Buying Luxuries (AFP, 8 Oct 85)	96
New Airline To Be Set Up in Southern China (SOUTH CHINA MORNING POST, 5 Oct 85)	97
Guangxi To Improve Export Transport Ability (Esme Lau; HONG KONG STANDARD, 7 Oct 85)	99

NATIONAL POLICY AND ISSUES

ECONOMIC STRUCTURAL REFORM, REFORM OF STATISTICAL WORK DISCUSSED

Beijing TONGJI YANJIU [STATISTICAL RESEARCH] in Chinese No 1, 7 Mar 85 pp 1-6

[Article by Yue Wei [1471 1550]: "Reform of Economic Structure and Reform of Statistical Work"]

[Text] The "Decision of the CPC Central Committee on Reform of the Economic Structure" adopted by the 3d Plenum of the 12th CPC Central Committee has correctly summed up the historical and realistic experience and lessons learned, and put forth and expounded a series of important theories and general and specific policies for the reform of the economic structure. It is of vital and practical importance in guiding the economic structural reform focused on the cities and also in directing the reform of statistical work.

The reform of statistical work, being a component of the economic structural reform, should be carried out in close coordination with the economic structural reform and should sensitively reflect the progress and results of the economic structural reform so as to play a managerial and supervisory role in the process of this comprehensive and thorough reform. For this reason, while probing into the reform of statistical work, in the light of the overall economic structure we should apply the ideology and principles of the economic structural reform as the guiding ideology for the reform of statistical work and adopt a new management system and methods for the reform of the statistical index system and the ways of conducting investigation and rendering services because this is the only way to build up socialist statistics with Chinese characteristics. If the statistical reform deviates or is carried out apart from the economic structural reform as a whole, it will lose a clear orientation, thereby making it impossible to bring about drastic changes in our country's statistical work since only minor and technical changes would be involved in spite of repeated changes.

I. Upholding the Ideology of Integrating Theory with Practice

Statistics as a powerful weapon to understand society should be compiled according to the dialectical materialist theory of knowledge. In other words, it should be in keeping with the law of knowledge of the objective world. Statistics as a managerial tool and a component of national economic management play a vital role in the social economic information system as a whole. Thus, how to organize statistical work and how to pursue statistical observation and analysis are tasks very closely related to our ways of understanding socialist economy and management and the system of management we follow.

The CPC Central Committee "Decision" has profoundly summed up the meaning of socialist economy and other fundamental theoretical matters, such as how to implement a planned economy and so forth. This is a powerful ideological weapon for us to initiate the reform of statistical work. For long years, numerous traditional ideas unsuitable to our national conditions have cropped up as a result of mechanically following foreign experience and the influence of "leftist" guiding ideology. For instance, the idea that the socialist ownership of the means of production should be the single form of public ownership and that collective ownership at the present stage would be transformed into state ownership sooner or later; the idea that in implementing a planned economy, the state must centralize management of the national economy and enforce mandatory planning; the idea that a socialist planned economy is antagonistic to a commodity economy and that the means of production cannot be considered as commodities; the idea that as the role of the law of value is restricted, the price of numerous products may remain fixed and unchanged for a long time; the idea that in managing the economy, the state organs must exercise direct control over enterprises through "unified distribution" of goods and materials, "unified purchase and exclusive marketing" of commodities, "unified receipts and disbursements" in financial matters and so forth. All these ideas have become fixed modalities binding people's minds and hindering their activities over a long time and also hampering the development of the forces of production. People who raised questions about realistic economic life every now and then have found it hard to ponder deeply or to get a clear-cut answer in face of these traditional ideas and rigid modalities.

In light of China's actual economic conditions and the demands of development and by upholding the principle of integrating basic Marxist theory with China's actual conditions, the CPC Central Committee "Decision" has expounded a series of important theoretical issues in a profound manner concerning the socialist economy resolving ideological questions long held by the people. We should study assiduously, emancipate our minds, raise our understanding and achieve deep comprehension of socialist economic theories and general and specific policies. We should persist in integrating theory with practice, seek truth from facts, go a step further in emancipating our minds, boldly eradicate those outmoded economic thoughts unsuitable to national conditions and do away with those traditional ideas and old modalities that have been binding us for many years.

Statistical work also involves a question of how to integrate statistics as a science and work experience in the world with China's actual conditions. Integrated well, it will get statistical work scientifically organized in China where the social economy is complicated and its development uneven. It will also satisfy needs in all fields more effectively with statistical data. As we all know, statistical work was established and developed gradually following the founding of new China based on the country's needs and by absorbing the Soviet experience. It goes without saying that the nationally unified statistical system, which was built at a fast rate even though we did not have any experience at that time, has played a positive role in meeting the demands of the state's planned management. However, we cannot ignore the fact that the things we learned from foreign countries in statistical work, which though they

basically suited the needs of the state's highly centralized planned management system, were based on a single economic form and founded on the assumption that the commodity economy was underdeveloped. At the beginning, statistical data were processed from one specialized field to another with a set of varied special statistical indexes basically corresponding to another set of varied special planned indexes. As to the method of collecting statistical data to satisfy the demands of the governments at all levels in charge of formulation and examination of plans, it relied mainly on statistical report forms, all-round investigation and itemized reports to be submitted to the higher level periodically on a level-by-level basis. As soon as statistical work was started in our country, people were already aware that this was an incompatible way of doing things in the light of our national conditions. Certain questions were raised by some comrades and the matters were discussed quite extensively. However, under the influence of the "leftist" ideology at that time, it was impossible to probe into the matter more fully and in a democratic way and in the spirit of seeking truth from facts. In some years, this kind of discussion was interrupted by abnormal political movements. Moreover, due to the on-going political movements, scientific study of statistical systems and methods was conducted irregularly without systematic sequence and continuity, and thus could only be used to partially revise or supplement certain individual projects. We can say that in the more than 20 years since the founding of new China and up to the end of the chaotic decade, statistical work in our country had actually traversed a tortuous course of development. Although our statistical work was started at a rapid pace, progress has been limited and improvement has been late in coming.

Since the 3d Plenum of the 11th CPC Central Committee, the party has set forth the ideological line of seeking truth from facts and brought about a shift in the focus of work of the whole party, and statistical work was quickly restored and developed. In due course, the existing statistical work continued to improve and certain statistical investigation developed with noticeable results. It has played an increasing role in providing services and supervision with each passing day. Some investigation patterns and statistical methods now suited to the actual conditions in our country have continued to display their scientific character and vitality in practical work. However, while affirming the remarkable results achieved by the people working diligently over the years, we must also see clearly that numerous problems still exist in our investigation patterns, statistical methods and our way of rendering services, particularly in the pattern of investigation, which is of a singular nature requiring too many statistical report forms and causing confusion. Some indexes are found to be unreasonable, other pertinent indexes are not in complete sets, the level of analytical study is low, services are limited in areas, and the means of calculation are backward and so forth. Many people think these are the areas where reform should be instituted without delay. If the above-mentioned spirit of reforming the economic structure as a whole and the demands of the planning system are to be compared, then, the reform needed in statistical work should be instituted in more areas and carried out in greater depth and with an enormous sense of urgency.

With regard to the present situation in statistical work and its existing problems, I am of the opinion that only by seriously studying and implementing

the CPC Central Committee "Decision" and positively taking the initiative to serve economic structural reform well so as to find out what is needed and feasible and what is not needed and infeasible and then adopt a positive and prudent attitude to reform them one by one, can we make our statistical work more compatible with our national conditions and more suitable to the demands of economic structural reform.

As to the reform of statistical work, the most important task is to persist in the idea of integrating theory with practice and doing all our work in keeping with our national conditions. We should study our national conditions seriously, find out what is needed in statistical information in all fields, especially paying close attention to the progress being made in the economic structural reform and the various new demands for statistical data and changing the way of thinking, the working methods and the ways of conducting activities by our statistical workers. We should boldly break with the outmoded convention shaped over the years, forsake the old style of work that is out of touch with the situation, face realities squarely, further broaden the train of thought and be brave in probing and blazing new trails so that statistical work can keep up with economic structural reform as a whole.

II. Strengthening National Economic Accounting

To reflect the process of socialist reproduction and the progress and outcome of economic structural reform comprehensively, it is important to solidify the statistical index system and strengthen national economic accounting in statistical work. In summing up the overall tentative plan for statistical reform, the national statistical work conference held this year suggested: We should establish a unified, scientific national economic accounting system and perfect the statistical index system for national economic and social development. The State Council has set up a leading group overseeing the unified accounting standards of the national economy. It is composed of responsible comrades from the planning commission, the economic commission and financial, banking, statistical and auditing departments. The office of this leading group is set up in the State Statistical Bureau and has started work recently.

The work of unified accounting standards for the national economy is to perfect the statistical index system, unify and coordinate statistical, accounting and business accounting methods and formulate various statistical standards by categories so as to create conditions for achieving scientific management of the national economy, to assess both macroeconomic and microeconomic results and lay the necessary groundwork for setting up an automation system of social economic information. This is a gigantic project that requires considerable time and effort to accomplish.

For the moment, to cope with the demands of the economic structural reform, it is imperative to augment the value index system and strengthen national economic accounting in relation to the form of value. The main purpose of the economic structural reform is to expand the decisionmaking power of enterprises and boost their vitality so that the enterprises can run independently, assume their own profit and loss and solve the problem of "eating from the two same big pots" of

the state and enterprises. To this end, it is necessary to reform the planning system by reducing the number of mandatory plans and expanding guidance plans and market regulation. It is imperative to consciously comply with and apply the law of value, develop socialist commodities to the fullest extent and let the enterprises develop production and organize circulation based on market needs. The state should guide and regulate the activities of enterprises and make microeconomic activities generally compatible with the demands of state planning primarily through economic legislation and other economic means. Under this circumstance, it is necessary to reform the existing statistical index system and gradually supplement it with certain new substance. Some comrades have described the statistical index system in the past as that basically of a "production type," meaning that it laid particular emphasis on reporting production and construction and the result of productive activities. Comparatively speaking, the system provided more indexes in kind and fewer indexes in value. These comrades suggested that we should transform it from the "production type" used in the past to an "operational type." This means, we should line up the various links of reproduction in society as a whole and combine production, supply, marketing, manpower, financial and material resources for overall observation, accounting and study together with the results in production and consumption combined. In carrying out this type of observation and accounting, we cannot limit ourselves only to the use of indexes in kind, but must also apply more frequently the indexes of value, including price, profit, taxation, interest, capital, wages, earnings and so forth. This way of conducting overall observation, accounting, comparison and study can be called national economic accounting. It comprises steps not only to measure whether or not social production is developing in a proportionate way but also to assess economic results and reports on the relations of interests, particularly the relationship of distribution among the state, enterprises and individuals. All this will help correctly handle the economic interests of various quarters and fully mobilize various positive factors to vigorously develop the forces of production.

Attention should be paid to reflecting the progress made in the commodity economy and also in the application of the law of value. Above all, it is necessary to come up with a way to fully and accurately grasp the newly emerged economic forms and ways of operations and the results of production and operations in the many channels of circulation, particularly the operational activities of various integrated economic entities and individual economic units. From the point of view of the national economy as a whole, it is necessary to strengthen step by step the statistics of the circulation and consumption links and statistics on prices. Steps should be taken to prepare statistics well on commodity circulation of various professions and trades, analyze the changes in the relationship between supply and demand of major commodities and actively develop market forecasting. While effectively compiling statistics on commodity circulation, various statistical departments should also step up investigation by sampling the daily consumption of urban and rural residents, make the investigation data more representative and also analyze the residents' preferences in consumer goods and labor consumption. In other words, efforts should be made to make market information readily available to the production departments for use by units engaged in production as a basis for organizing production and developing the commodity economy in line with the needs in society. This is

an important feature of statistical work in serving society. It is of great urgency to strengthen statistics on prices and change the weak links in price statistics. Reform of the pricing system must be carried out systematically so as to produce detailed data on the price of products turned out by various departments. As the reform progresses, it is also necessary to sensitively reflect the changes caused by a rise or fall in prices. Since statistics of the price index of retail commodities have a direct bearing on income increases of residents and wage increases of workers and staff members and on the immediate interests of the broad masses of the people, vigorous efforts should be made to improve quality in keeping with the actual price changes. While upholding the multiple price structure (which includes unified pricing by the state, floating prices and free prices), it is imperative to adopt an appropriate way of investigation and expeditiously gain control of the ex-factory prices of industrial enterprises. This is essential and indispensable in understanding market trends, analyzing changes in income from sales, cost, and profits, utilizing economic levers to regulate the supply-demand relationship, and adjusting the enterprise structure and economic balance.

When we say it is imperative to strengthen statistical work in those areas and perfect the value index system step by step, we do not mean that we have to increase the number of statistical report forms to give extra burden to the grassroots units. With the exception of some essential report forms that have to be added, all possible efforts should be made to conduct investigation and sampling in key localities. We should collect all kinds of pertinent materials extensively and sort them out so as to obtain the statistical figures we need. In this matter, the important guiding principle is to pay attention to the commodity economy and the value relationship, have various economic relationships in mind, broaden our field of vision and expand the sphere of statistical observation. We should improve our own work based on this principle, whether in specialized statistics or in statistics of overall balance, and collect and possess more abundant statistical information to help develop the socialist commodity economy and promote the application of the law of value consciously.

III. Reform of the Statistical Information Structure

We have advocated the transformation from "closed" statistics into "open" statistics to serve all fields even better and more closely. This is an important measure for coping with the demands of the economic structural reform and the reform of statistical work in our country. The key to bringing about this vital change lies in raising the level of statistical work and altering the structure of statistical information, in other words, in changing the contents and forms of statistical data.

Statistical work serves various fields and plays its managerial and supervisory role by providing statistical data and reflecting the situation and problems accurately. In other words, in order for statistical work to render better service, work should be done well in a down-to-earth way and not by relying on reasoning or issuing orders alone. By doing our work well and providing quality statistical data, we can meet the actual needs accurately and make ourselves

more valuable; our excellent services will also certainly attract the attention of various fields. On the other hand, if we do not make an effort to improve work and services, we certainly cannot draw other people's attention with statistical data that are poor in quality and dull in form. Under these circumstances, it is difficult to achieve the expected results of transforming statistics into "open" statistics.

The process of transforming statistical work from "closed" to "open" in nature requires a corresponding shift in the focus of work. Many statistical organs have done a great deal of work in organizing and building the system in the past and achieved definite results. However, leading personnel of certain local statistical organs are still busy occupying themselves with administrative work and are not concentrating on sorting out data, investigation and study and statistical analysis. This state of affairs merits our attention. We should see that although statistical organs at all levels have in recent years sorted out and provided numerous statistical data and some of their data have brought forth results, numerous materials, on the other hand, are of poor quality and are useless in policymaking nor can they cope with policy decisions by leading organs. As the economic structural reform is now deepening, numerous issues of a policy nature have to be studied and looked into seriously thus imposing a higher demand on statistical data. If we do not concentrate our efforts on grasping this link and urging ourselves to catch up at this time, we will lag behind the situation and deviate from the needs in all fields and adversely affect the realization of making statistics "open."

As to the statistical organs under local governments at all levels, while conscientiously serving the higher level organs and providing data according to stipulations, they must endeavor to serve the local party and government leadership and policies. They must regularly study the development of the economic situation and the needs of the party and government leadership; they must determine the peculiarities and patterns in the leading organs' use of statistical data, and pointedly select certain special topics in the light of which to carefully process and sort out statistical data, organize forces to conduct investigations and studies, and study and compile certain statistical analysis reports in depth. Responsible comrades of some local statistical bureaus have personally drawn plans for analytical study, provided themselves with selected topics, voiced their own views, organized the personnel concerned to discuss the topics repeatedly and ultimately revised the wording of the reports themselves. This practice, which has played an important role in improving the quality of statistical analysis, should be vigorously promoted. After the annual planning for state planned management is simplified and the focus is shifted to intermediate- and long-range planning, progress analysis procedures in statistical analysis should also be simplified in an appropriate way and attention should be paid to analysis and study of policy, regularity, comprehensive, and strategic issues and attach importance to raising the quality of statistical analysis.

To change toward "open" statistics, it is also necessary to increase the variety of statistical data. While engaging in multilevel policy decisionmaking, various departments and grassroots units need more, finer and more sensitive statistical

information to help study operational policies and improve operations, especially statistical data that reflect the supply-demand relationship and consumption trends of commodities in the market and commodity quotations; they need more detailed and specific data than the leading organs. In regard to services to society, we cannot confine ourselves to adhering to only several kinds of data as we did in the past and routinely pass them to various departments and grass-roots units and even to the broad masses. We must put in more time and effort to sort out and compile a variety of data and develop more types of data so as to satisfy the different needs in various fields.

IV. Further Enlarging the Source of Statistical Information

As the socialist commodity economy is advancing further with each passing day, more abundant statistical information is needed than in the past for guiding economic activities and putting the regulatory role of the market into play through the flexible application of economic means. Besides applying electronic computers in data processing and raising the depth and precision in processing, it is necessary to put the positive factors in all fields into play, adopt effective measures, open up the sources of statistical information, acquire more statistical data and raise the level of analytical studies.

Various local statistical organs may enhance the manner of statistical investigation based on local needs. They have to give play to the enthusiasm and creativity of various localities. As to the methods of investigation and the channels through which to obtain data in performing statistical work nationally under the premise of ensuring the supply of data within the content of unified indexes, they may be flexibly applied according to local conditions. In regard to the substance of investigations needed by various localities but not in unified demand nationally, local statistical bureaus should take the initiative to develop the work and do their best in collecting and sorting out statistical data in this regard so as to serve the party and government leadership even better. We should encourage and support comrades of various local statistical organs, face reality squarely and use our brains; we should pay attention to the characteristics of the local economy and the needs of the local leadership and take corresponding measures to make the local statistical work a success. By combining the general with the specific character in statistical work, we can guarantee the fulfillment of the common tasks of the whole country and at the same time take care of the special needs locally. The general character is contained in the specific character and the mutual relationship between the general and the specific characters should be treated dialectically. We hold that the specific character should be actively developed under the unified leadership and that the general character will grow to maturity more vigorously in the end. In other words, various localities should, based on their own needs, acquire more statistical data because it will help further expand the source of statistical information across the country.

We should strengthen the statistical work of various business departments so as to provide more statistical data with each passing day for guiding and regulating the activities in various professions and trades. It was pointed out at the national statistical work conference that "in reforming the statistical operational

structure, while putting the enthusiasm of the 'higher level' units into full play, efforts should also be made to put the 'lower level' units doing statistical work into full play." With the deepening of the economic structural reform, the work of various departments will shift toward meeting the needs of all trades and toward grasping policies, planning, regulation and supervision. This will naturally need a tradewide system and abundant statistical information. In these circumstances, if the statistical work is not strengthened appropriately, it will lag behind the needs of economic management and will be thrown into passivity. Statistics experts of many countries held that in today's era when the information system is becoming more important and electronic technology increasingly popular, the only way to expand the source of statistical information is by further enhancing statistical work in various specialized departments. The development of statistical work in our country at present explains this natural tendency.

We should be good at applying different kinds of investigation methods so as to obtain more statistical data with fewer personnel. It had been suggested during the early period after the founding of new China that since China's social economic conditions were complicated, we had to apply the skills of various types of combat in doing statistical work and that it would not do to apply only one kind of skill. However, in actual work over the years, most of the forces are still being used to process statistical reports and forms and very few national investigations and other forms of investigation have been conducted and applied. While it is necessary to make certain statistical report forms available for the grassroots units to fill in, nevertheless if this form of investigation is applied excessively, it will burden the grassroots units and statistical organs at all levels with added work load in calculation and will hamper the efforts of statistical personnel to go deep into realities to conduct investigation and study and raise the level of statistical analysis. It is obviously far from sufficient and also unwise to use only one form of overall investigation when varied economic forms and numerous ways of operations keep on appearing; we should use more forms of investigation consciously. Very good results have been achieved in recent years in carrying out investigation by sampling in cities and the countryside, the role of the sampling teams should be put into play so as to further develop investigation by sampling. In the meantime, priority investigation and typical-case investigation should be carried out about certain special issues to reflect totality with partial findings and thoroughly analyze the inherent relationships and regular patterns of things. With regard to issues of a policy nature and the new situation in the economic structural reform, certain typical units should be selected to conduct investigation and study in depth. As to the scattered individual economy, while extensively collecting data about departments concerned, a certain typical investigation should be conducted by applying numerous forms of investigation in a coordinated manner to estimate the overall figures for calculation by means of analysis, comparison and assessment. Some comrades are accustomed to obtaining overall figures from statistical report forms but they have felt that the figures so obtained for estimation and calculation are unreliable. As a matter of fact, carrying out scientific statistical estimation and calculation on the foundation of an abundance of investigative data is a statistical art which could be considered statistical work of a higher order. We should learn

to master varied ways of investigation and learn to proceed from a selected point to a general area and from partial findings to totality so as to invigorate statistical work from one direction to another and acquire more statistical information.

It is necessary to open up more channels of information and enlarge the exchange of statistical data. In the past, the channels of information were rather simple because data were mainly collected from statistical report forms. As a result, the statistical data lacked variety. From now on, various localities and departments after obtaining data by varied means should mutually provide information to one another and exchange data extensively for use in processing in various fields. In conducting sampling, key investigation and typical investigation, various local statistical organs should report to statistical organs at a higher level on the results after drawing a conclusion. Various localities should establish data-exchanging relations in an appropriate way so as to facilitate comparative studies between areas and cities. Having received data from various localities, statistical organs at a higher level should provide them regularly to various local statistical organs as long as they have a need for them. In order to study international economic trends and compare domestic and foreign trends, it is also imperative to collect, sort out and exchange statistical data. In short, it is necessary to establish step by step a criss-cross statistical information network linking the higher with lower levels so as to greatly expand the source of statistical information and create more favorable conditions for achieving "open" statistics.

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NATIONAL POLICY AND ISSUES

DEVELOPMENT OF RURAL INDUSTRY DISCUSSED

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[Article by Dong Han Ting [5516 3352 1656] and Xue Tao [5641 1718]:
"A Probe Into Several Questions in the Development of Industry in Towns
and Townships"--passages within slantlines published in boldface]

[Text] Since the 3d Plenary Session of the 11th CPC Central Committee, industry in our towns and townships has developed vigorously, growing out of nothing and developing from a few to many industries. The vigorous development of industry in towns and townships has played an extremely important role in readjusting the rural industrial structure, promoting all-round development of our rural economy, finding a way to provide job opportunities, transferring surplus labor force, amassing funds, supporting our four modernizations, consolidating our collective economy, increasing our peasants' income, and improving our peasants' standard of living. The development of industry in towns and townships has become a major pillar of our rural economy. According to a survey by Yancheng City in Jiangsu Province, compared with 1978, in 1983 there was a net increase of 405 town and township enterprises, which had more than 32,000 yuan in output value and 31,800,000 yuan in tax revenue. The output value in 1984 increased by 29 percent over that of 1983. At present, the development of industry in towns and townships is in the ascendant and is shifting from a low level to a high level. However, in the face of this fine situation, we must make a sober analysis. In the current development of industry in towns and townships, there are also a few problems which warrant our attention.

/1. Must all towns and townships vigorously develop their industry?/

Vigorously developing industry in our towns and townships is undoubtedly positive. However, we must also realize that the development of industry in towns and townships is also restricted by various factors such as geographic location, communications, energy, equipment, technology, funds, the supply of raw, processed, and supplementary materials, and the market for sales. This tells us that while developing industry in town and township, we must understand the situation, seek truth from facts, and adhere to starting from our existing foundation and conditions. We must adopt measures in light of the situation in our towns

and townships. We must not arbitrarily seek uniformity or reach for what is beyond our grasp. At present, there are some towns and townships which have comparatively poor conditions. Our remote areas have poor access to information, have poor communications facilities, lack funds, and have weak technology and outdated equipment, and have no way to sell products. If we take no account of local objective conditions and our capacity and insist on carrying out major projects, we will neither be able to complete these projects nor to stop them midway. We will spend our valuable funds and waste a large amount of labor without gaining any benefits. Some of these areas have even been cheated by swindlers into establishing enterprises blindly, and have thus been fooled and incurred losses. We have learned quite a few such lessons. Therefore, under the fine situation of achieving a comparatively great development of industry in towns and townships, it is particularly imperative for us to be sober-minded and to persist in acting conscientiously, carefully, and steadily in our planning. In some towns and townships which do not have the necessary conditions, we can only strive to create the conditions, to actively accumulate our reserve strength, and to seek development amid consolidation and thus lay the foundation for vigorous development in the future. Our rural areas each have their own advantages. Based from their local situation, the rural areas in Haian County of Jiangsu Province have exploited their advantages of having abundant material resources in their land and water areas to vigorously develop agriculture and fish farming and have charted a new path of developing agriculture, fish farming, and the processing industry simultaneously that is suited to their local conditions. They have developed their processing industries on the basis of developing their agriculture and fish farming. Their town and township industries have local natural resources and a market. As a result, they have achieved quick development and forged ahead steadily. This experience is worth the attention of other areas. Some areas have water areas to exploit; others have beaches and coasts which are not yet exploited; other have comparatively abundant labor resources; still others have comparatively abundant agricultural and sideline products. They should all start by developing their own advantages and follow a path that is suited to their own practical situation in developing their town and township industries. They should by no means vie with one another or rush headlong into mass action by developing their industries blindly as soon as there is a call for doing so. Obviously, if they act in this manner, their great haste will end in slower development.

/2. Should our town and township enterprises set up technology-intensive or knowledge-intensive industries?/

At present, many town and township enterprises want to aim high, score great achievements, develop technology-intensive industries, and manufacture a number of high-quality, precision, or sophisticated products which are in great demand on the domestic market. Some of them even want to put their products on the international market. It is

naturally good if they can do that. However, judging by the overall situation, at present a considerable number of towns and townships do not yet have the conditions for the establishment of technology-intensive or knowledge-intensive industry. Compared with our large industries, enterprises in our towns and townships have relatively outdated and backward equipment and a weak technical force. Their staff and workers have a low educational level and poor quality and have received very little systematic specialized technical training. In 1983, Yancheng City of Jiangsu Province made a survey of its 5,603 township and town industrial enterprises. Only 30 percent of the enterprises had the basic conditions of a modern factory, and the other 70 percent of the enterprises are handicraft workshops. Many of the factories lack machinery and equipment. What they do have is broken and does not meet the standards. It was made in the 1920's and 1930's or was formerly used in large industrial enterprises which replaced it with new equipment. The technical personnel are few in number and are poorly educated. Throughout the city there are less than 50 qualified assistant engineers or technicians in the township and town enterprises. There is no technician who has accepted regular training in any of the 505 township and town industrial enterprises in Sheyang County. There is only one assistant engineer among the over 20,000 staff and workers of the township and town enterprises in Binhai County. Obviously, if this problem is not solved, it will be very difficult to develop technology and knowledge-intensive industries, to upgrade the technological level of these enterprises, or to produce key marketable products. Though some township and town enterprises have established cooperative relationship with universities and colleges, employed scientific and technological workers as technical advisors or as staff members working there, or introduced some new technology, this provides very limited help and can only enable these enterprises to solve a few problems to a certain extent. It is not enough for them to develop technology and knowledge-intensive industries. In order to do that, they must have overall advantages of technology and knowledge. Furthermore, we must also see that our country lacks land for its huge population. Since the implementation of the contract responsibility system geared to households with remuneration linked to output, a large number of peasants have been freed from the land. Providing job opportunities for this surplus labor is not merely an economic problem, but also an important social problem. This requires us, on the one hand, to vigorously develop our tertiary industry, and on the other hand to conscientiously, soundly, and satisfactorily run our township and town enterprises in order to provide jobs for surplus labor. Therefore, when our township and town enterprises formulate their plans, they should take into consideration all factors. They should not only create conditions in order to develop some technology and knowledge-intensive industries, but should also start from their existing foundation and develop some labor-intensive industries. As a matter of fact, all areas have traditional labor-intensive handicraft industries which produce products that have always sold well and enjoyed a good reputation

on the international market and which have fairly good economic results. In a sense, these traditional labor-intensive industries are an advantage of our country's industrial production and must by no means ease development. In particular, we must use the labor force to vigorously develop the industries and products that have always been prosperous in order to meet the demands at home and abroad.

/3. Is the development of township and town industries aimed at pursuing a greater output value?/

In running industries, our townships and towns must calculate output value, but the major aim is not merely to pursue a greater output value, it is to pursue economic results. Some people hold that increasing the percentage of industrial output value in gross industrial and agricultural output value is what is meant by readjusting the structure of our undertakings. This is a one-sided view. Our output value alone cannot determine our economic and social results. The output value that is not needed by our society is worthless. No matter how great an output value of this kind we turn out, we will not create any wealth but will only waste our resources. Now some areas regard output value as the major criterion in assessing the work of township and towns enterprises. This has given rise to the practice of some township and town enterprises pursuing output value in a one-sided manner and neglecting their economic results and returns on capital employed. In some of our township and town enterprises some unhealthy practices of boasting and exaggeration have emerged. These enterprises have achieved fame for their richness, but in fact they are poor. Others have very poor financial management, exert no control over their expenditures, pay subsidies and bonuses without control and continue to conduct the practice of "eating out of the same big pot." Still others have exploited the loopholes in the contract responsibility system to commit fraud and exploit their staff and workers. This has harmed the state, caused losses for the enterprises, and benefitted a small number of people. The output value of these factories is high, but their economic results are very poor and their profit rate is very low. Some of them have even suffered losses. The eight counties in Yancheng City, Jiangsu Province increased their output value by 9.8 percent in 1983 over 1982, but their profits only increased by 3.1 percent. Five of the counties had a negative growth rate in their profits. In 1984, their output value rose by nearly 30 percent, but their profits remained unchanged. This phenomenon of profits decreasing while output value increases is very abnormal. Obviously, this phenomenon has emerged because some cadres in our township and town enterprises have pursued false fame rather than actual achievements and have not yet entirely eliminated the influence of the once prevailing practice of exaggeration from their minds. On the other hand, there is also the problem of the defects in the methods of assessment of the leading departments, which have caused our township and town industrial enterprises to fail to pay attention to their economic results. Therefore, we must clearly point out that our township and town enterprises must

regard economic results as their lifeline. When a leading department assesses the work of a township or town enterprise, it should not only assess its output value, but should also stress economic results and regard them as a major criterion for assessing the work of a township or town enterprise. Our township and town enterprises, in particular those which have a high output value and low economic results, must lay even greater stress on persisting the work style of seeking truth from facts put their economic results in the first place. They must satisfactorily center their production on this key task.

/4. Is it enough for our township and town enterprises to merely grasp economic results?/

Our township and town enterprises are cells of our socialist economy. Therefore, in developing our township and town enterprises, we should also satisfactorily handle the relationship between parts and the whole, between partial interests and the interests of the whole, and between immediate and long-term interests. In other words, we should attach importance to the microeconomic results of each enterprises and at the same time pay attention to the macroeconomic results for the whole national economy. We should satisfactorily grasp partial interests as well as take care of the interests of the whole, and we should see our long-term interests as well as our immediate interests. Some of our township and town enterprises have failed to properly handle these three relationships. Often they only pay attention to satisfactorily grasping the economic results of their own enterprises, but neglect the interests of the state and give no consideration to social and ecological results. Quite a few township and town enterprises rush to produce a product as soon as they realize that this product can bring good economic results. But they pay no attention to the demand on the market. This often gives rise to a situation of supply exceeding demand and a surplus in production. Some township and town brick factories have taken the soil from farmland and river dikes as raw materials. They have thus destroyed our valuable farmland and undermined the dams that prevent floods in order to achieve good economic results for themselves. Others blindly began chemical industrial projects without conducting any technological reasoning or adopting any effective measures to handle the waste. Still others have pursued money at the expense of people's health, have caused pollution knowing well there would be pollution and thus harmed the people. All these have to some extent had some harmful social results, undermined our ecological balance, and caused future trouble for the masses and their posterity. We must rouse people to attach adequate importance to this problem. In developing township and town enterprises, we should not proceed merely from money; even less should we be bent solely on profits. The leading groups at all levels, in particular those responsible for township and town industries, should adopt various kinds of effective measures in their work, including economic, administrative, legal, and disciplinary measures in order to ensure that these industries develop healthily in a correct direction.

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NATIONAL POLICY AND ISSUES

STATE MONOPOLY IN TRANSPORT SERVICES ENDS

OW041411 Beijing XINHUA in English 1115 GMT 4 Oct 85

[Text] Beijing, 4 Oct (XINHUA)--China has broken a monopoly long held by state-owned enterprises and government departments in undertaking air, highway, railway, sea and river transport services.

Zhao Weichen, vice-minister of the State Economic Commission, said at a national meeting on communications which opened here today that China's communications system is developing in a direction of more flexibility.

He said a new structure of communications in various forms is coming into existence in the country. Transport is now run not only by the state-owned enterprises but also by collectives and individuals.

Local governments have shown initiative in running communications, he said. Heilongjiang and Yunnan provinces and Shanghai have collected funds to buy jetliners for establishing their own airline companies. Shandong Province and the Wuhan Iron and Steel Complex have built their own harbor facilities.

In cooperation with the railway ministry, Shanxi, Henan and Zhejiang provinces and Guangxi Zhuang autonomous region have built local railway lines with their own funds. Some highways, bridges and telecommunications projects have been completed with funds collected by local governments in Guangdong province.

On China's longest river, the Yangtze, the administration has separated the government function from the business aspect and opened its harbors and ports along the river to the public, thus breaking up monopoly of shipping services, meanwhile, the ministry of communications has transferred its administration power of Tianjin Harbor to the local government.

Zhao said the state-owned enterprises are still the backbone of the country's transportation. But, the number of motor vehicles and vessels run by the private sector, including collectives, individuals and households, is growing every year.

By the end of last year, the number of motor vehicles owned by government organizations and enterprises reached 2.2 million, while those run by private firms hit 170,000, vessels totaling three million dwt are also owned by private companies.

Zhao pointed out that the Chinese government encourages both the state-owned enterprises and the private ones to undertake transport and construction projects.

In order to accelerate communications, he said, the state, localities, departments and enterprises should make concerted efforts, to use more domestic and foreign loans in the building of railways, ports, highways, airports and telecommunication projects, while buying motor vehicles, vessels and airplanes.

CSO: 4020/32

NATIONAL POLICY AND ISSUES

OFFICIAL ON PROGRESS IN ECONOMIC RESTRUCTURING

OW060854 Beijing XINHUA in English 0824 GMT 6 Oct 85

[Text] Beijing, 6 Oct (XINHUA)--China has made remarkable progress in restructuring the economic system since the Chinese Communist Party adopted a decision in October of last year to carry out the reform on an all-round basis, according to Gao Shangquan, vice-minister of the state commission for restructuring economic system.

The reform is maintaining a good momentum and a situation that will ensure initial success has set in, he states.

He lists ten major achievements in an article for the coming issue of 'fortnight chat' which will appear on 10 October.

First, while the public sector remains predominant, more than 40,000 small state-owned commercial enterprises have been put under collective operation and 10,000 similar ones have been turned into collective enterprises or rented out. The change in the ownership or form of management has resulted in growing transactions and profits and taxes handed over to the state.

In addition, four million individuals are engaged in commerce and services in urban and rural areas, 17.4 percent more than in last year.

Second, state enterprises have shown greater vitality with more decision-making power in planning, marketing, pricing, use of funds and personnel management.

Third, the reform of price has taken an important and bold step and initial wage reform has been carried out in government offices and other institutions.

Fourth, inter-regional economic ties have been encouraged.

Fifth, after the lifting of state mandatory purchasing of farm produce, market regulation under the guidance of state planning has come into force, promoting restructuring of agriculture in favor of commodity

production, 460,000 economic combinations involving 3.5 million rural laborers have emerged. They represent ties between state units and collectives, between collectives themselves and between collectives and individuals.

Sixth, the 741 sino-foreign joint ventures approved by the state in 1984 marked a new development in implementing the policy of opening to the rest of the world. 2,660 million yuan of foreign fund was utilized.

Seventh, the standing committee of the National People's Congress and the State Council promulgated over 30 economic laws and regulations between October of last year and August this year.

Eighty, in the first eight months this year, state revenues grew 21.8 percent over the same period of last year.

Ninth, some experience has been accumulated in the course of the work. Among the points involved are: a determined but prudent approach; bringing economic development and reform into harmony; micro-economic relaxation coupled with macro-economic control; in economic management, economic means are primary, but within a certain period of time, administrative means are still necessary.

Tenth, the reform has attracted international attention.

CSO: 4020/30

NATIONAL POLICY AND ISSUES

PRC'S INDUSTRIAL OUTPUT VALUE INCREASES

OW102104 Beijing XINHUA in English 1445 GMT 10 Oct 85

[Text] Beijing, 10 Oct (XINHUA)--China's total industrial output value in the first three quarters of this year reached [word indistinct] billion yuan--21.1 percent more than in the same period of last year, according to Zhao Weichen, vice-minister of the state economic commission.

Light and heavy industries are developing in a coordinated manner, the vice-minister said. Between January and September, the proportion of light to heavy industries was 49.8 percent to 50.2 percent. This has ensured the best market for light industrial goods since the founding of the People's Republic in 1949, Zhao said.

In the first nine months of the year, the production plans of most products were overfulfilled, and increased by a big margin.

Energy production scored good results [words indistinct] output reached 626 million tons, a 11.5 percent increase; that of crude oil was 93.02 million tons, up 10 percent; that of electricity was 300.6 billion, [words indistinct] the rate of increase above three branches hit record highs compared with the past few years, Zhao said.

In light industry, the output of color television sets grew by 240 percent, that of refrigerators by 200 percent, that of cameras by 42.5 percent, and that of wool fabrics by 25.6 percent.

Raw materials industries also saw steady growth [words indistinct] the output of pig iron was 32.02 million tons, a 6.8 percent increase, and that of steel was 34.53 million tons, a seven percent increase, and that of rolled steel was 27.60 million tons, a 9.7 percent increase.

The volume of rail freight was 956 million tons and the number of passengers carried was 859 million. The volume of goods handled by sea ports increased by 12.8 percent. The total turnover of the civil aviation administration of China increased by 43.5 percent, and the total volume of posts and telecommunications by 20 percent, Zhao said.

CSO: 4020/32

NATIONAL POLICY AND ISSUES

ECONOMIC COMMISSION ON JAN-SEP ENERGY OUTPUT

OW101257 Beijing XINHUA in English 1231 GMT 10 Oct 85

[Text] Beijing, 10 Oct (XINHUA)--China's energy output in the first nine months of this year was equal to 620 million tons of standard coal--10.8 percent more than in the same period last year.

According to figures released today by the state economic commission, coal output rose by 11.5 percent in the period.

While production at large state mines increased steadily, output from the local small and medium-sized mines, including 60,000 peasant-run mines, soared to a record 310 million tons.

The construction of power stations with a combined generating capacity of five million kilowatts is proceeding smoothly, said a commission official.

Efforts by the state, collectives and individuals resulted in an 8.7 percent increase in output. The number of small hydroelectric power stations grew to 70,000, and together they generated more than 20 billion kilowatt hours of electricity over the nine months.

Meanwhile, the output of crude oil to the end of September rose by 10 percent.

An extra seven million tons of annual oil-production capacity was added in the first seven months, mainly by improving efficiency at oil fields.

CSO: 4020/32

NATIONAL POLICY AND ISSUES

PRC MEASURES TO SLOW INDUSTRIAL GROWTH EFFECTIVE

OW101815 Beijing XINHUA in English 1429 GMT 10 Oct 85

[Text] Beijing, 10 Oct (XINHUA)--Measures taken by the Chinese government over the past few months to slow down the industrial growth rate are showing results, with the growth rate dropping from 23.1 percent in the first half of this year to 14.7 percent last September.

The announcement was made by Zhao Weichen, vice-minister of the state economic commission, at a meeting held by the commission here today.

He attributed the success to a series of measures adopted by the Central Committee of the Chinese Communist Party and the State Council to control the scope of capital construction and tighten funds for consumption.

Rapid growth was registered in industrial production all over the country in the first six months of this year. The monthly outputs in the period were up 22-25 percent over those of last year.

The overheated industrial production had caused strains on transportation, and the supply of raw materials, power and funds in the previous few months.

Industrial production slowed to 20.2 percent in July, 17.4 percent in August and 14.7 percent in September.

China achieved a total industrial output value of 614.2 billion yuan in the first nine months of this year, 21.1 percent more than in last year's same period.

Zhao Weichen said China's industry also achieved better economic results, with the national revenue totaling 117.2 billion yuan, 26.6 billion yuan more than last year's.

"This is a very good upturn," he said, "it indicates that China has realized a fundamental turn for the better in the financial situation and ushered in a brighter prospect for the national economy."

Despite achievements made in industry and communications, Zhao pointed out, serious problems still remain and industry suffers from shortages of raw materials and power supply.

The quality of some products is not up to standard and enterprise costs are much higher than before; some suffer economic losses, he noted.

Transport and telecommunications remain strained, with congestion at China's ports a headache, he added.

He predicted that the fourth quarter of this year would be the most crucial period for fulfilling the sixth five-year plan (1981-1985).

He urged industrial departments and enterprises to organize production with the focus on improving social economic results in order to fulfill the state plan and work out arrangements for markets for light industrial products this winter and next spring.

CSO: 4020/32

NATIONAL POLICY AND ISSUES

NATIONAL URBAN ENVIRONMENTAL CONFERENCE OPENS

OW111805 Beijing XINHUA in English 1601 GMT 11 Oct 85

[Text] Zhengzhou, 11 Oct (XINHUA)--China will put stress on the control of pollution of the atmosphere and water systems over the next few years.

This was announced by Zhao Weichen, vice-chairman of the environmental protection commission under the state council, today at a national working conference on urban environmental protection still proceeding in Luoyang, Henan Province.

More than 300 mayors, directors, scientists and experts from 70 cities are attending the conference, the first of its kind to specialize in urban environmental protection.

The conference, from Thursday to Sunday, was told that progress has been made over the past few years in anti-pollution measures and environmental protection.

He said efforts to reduce air pollution include building heat-supply centers for whole cities instead of scattered boiler rooms. Gas should gradually replace coal as a heating and cooking fuel, he added.

Talking about comprehensive treatment of urban water sources, Zhao pointed out that unified plans should be worked out to open up, utilize and protect bodies of urban water, to the extent that areas containing drinking water sources must be designated as protected zones. No industrial projects or tourist spots should be built in these zones, he stressed.

He called on the local authorities to free urban rivers and lakes of pollution.

So far, most large and medium-sized cities in China have set up environmental protection bureaus. China's first environmental protection institute was established in Suzhou, Jiangsu Province, last month.

CSO: 4020/32

NATIONAL POLICY AND ISSUES

XINHUA ON COMING NATIONAL INDUSTRIAL SURVEY

OW111820 Beijing XINHUA in English 1558 GMT 11 Oct 85

[Text] Beijing, 11 Oct (XINHUA)--The leading group in charge of national industrial surveys under the State Council has urged that a good job be done for the second survey, slated to be held in the first quarter of 1986.

In a circular published yesterday, the leading group urged that those responsible ensure the accuracy of the survey data. The circular noted that those who fail to report the facts or distort reality will be punished.

The survey will cover industrial enterprises with exclusive foreign funds, joint ventures and cooperative enterprises. The survey data provided by these enterprises will be kept confidential, the circular points out.

The survey will also record the amounts, capacities, utilization rate, service life and energy consumption of industrial equipment. It will also investigate the enterprises' fixed assets and economic results, including net output value, consumption of raw materials, production costs, and profits and taxes.

CSO: 4020/30

NATIONAL POLICY AND ISSUES

FIRST STAGE PRICE REFORM TERMED 'PLAIN SAILING'

OW121758 Beijing XINHUA in English 1546 GMT 12 Oct 85.

[Text] Beijing, 12 Oct (XINHUA)--The first stage of China's price reform, which took place this year, was "plain sailing", a senior official at the ministry of commerce told XINHUA today.

Subsidies provided to every citizen in urban areas in general offset any extra burden to consumers caused by the average 30 percent rise in the price of pork.

Pork prices are now stable, even in northeast China, which was hit by serious summer flooding, said Fan Chuihong, director of the commerce ministry's staple food bureau.

The staple food bureau is in charge of the production, purchasing and marketing of meat and eggs all over China.

More than 90 percent of the meat consumed by Chinese people is pork.

The government has also raised the purchase price of hogs by about 30 percent, Fan said, noting that the number of hogs was increasing in 24 of the 29 provinces, municipalities and autonomous regions on the Chinese mainland.

The selling price of pork has never broken the upper limit of what is known as the "guidance price", he stressed.

The "guidance price" was set by the state after taking into account the original selling price and the subsidies given, which vary from place to place.

The policy of allowing the pork price to fluctuate was announced early this year; by 1 July, it has been implemented all over the country.

This ended the state's monopoly over the purchase and marketing of meat, in force since the 1950's when supply fell short of demand, Fan said.

Peasants can now sell their animals or meat to government purchase agencies or on the market.

Fan rejected the assumption that this would subject prices entirely to market forces.

Almost all cities and counties run food companies which employ 900,000 workers and operate 20,000 groceries. These have a combined operating capital of one billion yuan, and receive an annual average of 4.5 billion yuan in bank loans.

These companies have 500 ships and 20,000 motor vehicles, including 3,000 refrigerator trucks.

Fan said: "Free market prices have to fluctuate according to government prices, because the government has the initiative in its hands."

Torrential rains caused flooding in a large part of Liaoning Province in northeast China this summer, resulting in a shortage of meat and other foods.

At the request of provincial authorities, the commerce ministry rushed an additional 20,000 tons of pork to the province.

Pork is now sold at 3.34 yuan per kilo at government shops, and the free market price is about 3.30 yuan per kilo in Liaoning Province.

Consumption of meat usually increases when the weather is getting cold, and reaches a climax around the spring festival, an occasion for family reunions and feasts.

Fan said there is plenty of meat in cold storage, and he is optimistic about supplies this winter.

CSO: 4020/30

NATIONAL POLICY AND ISSUES

BRIEFS

LOANS FOR RAILWAY CONSTRUCTION--Beijing, 7 Oct (XINHUA)--China is using 289 billion yen of Japanese loans and U.S.\$455 of World Bank loans for 11 railway projects during the sixth five-year plan period ending this year, the ministry of railways said today. The Japanese loans are used for five projects, including the double-tracking of two railways for coal transport. One, the Beijing-Qinhuangdao Railway, began operation on 1 July, 1984, mainly to carry coal out of Shanxi Province, China's leading coal producer. The other four projects are expected to be completed in the next two or three years. Since 1984, China has been using World Bank loans to electrify two railways, build another, update the Zhuzhou electric engine plant in Hunan Province and the Changchun railway passenger car factory, and build an experimental center for the Chinese Academy of Railway Sciences. The World Bank will provide another U.S.\$259 for four projects to be built in the next five years. [Text] [Beijing XINHUA in English 0801 GMT 7 Oct 85]

LIGHT INDUSTRY OUTPUT RECORD--Beijing, 3 Oct (XINHUA)--The output value of China's light industry has surpassed 100 billion yuan for the first time in an eight-month period, according to today's PEOPLE'S DAILY, (Overseas edition) Profits and taxes in the light industry sector in the first eight months of this year grew 28.3 percent compared to the same period of the previous year. Sales income rose 29.7 percent, the paper reported. Record output of major products included: refrigerators, 500,000; washing machines, four million; bicycles, 20 million; watches, 26 million; and sugar, three million tons. Output of these products marked increases from 20 to 100 percent, according to the paper. Light industry also showed a trend to better quality. Double-door refrigerators, double-cylinder washing machines, electric fans, furniture, and gold and silver jewelry are becoming more popular on the domestic market. [Text] [Beijing XINHUA in English 0734 GMT 3 Oct 85]

NEW REGULATIONS FOR RESOURCE USE--Beijing, 11 Oct (XINHUA)--The State Economic Commission today published provisional regulations for the multipurpose utilization of resources, in a bid to stimulate enterprises in this direction. The document said the multi-purpose utilization of resources is important for the rational use of resources,

increase of the wealth of society, improvement of economic results and protection of the natural environment. The state offers preferential terms for enterprises following the guidelines, according to the regulations. [Text] [Beijing XINHUA in English 1829 GMT 11 Oct 85]

TRANSPORT, POSTAL SERVICE LAWS--Beijing, 4 Oct (XINHUA)--China is drafting new laws concerning air, highway, railway, harbor and telecommunications transport as well as regulations on cargo transport contracts and through transport. Zhao Weichen, vice-minister in charge of the state economic commission, said today at the current national meeting on communications that it will take two or three years to formulate and enforce these laws and regulations. Before promulgation of the laws nationwide, Zhao said, local governments will be able to formulate and enforce regional laws and regulations in line with their own conditions. In speeding up development of communications and ensuring reform of the transport system, he said, it is necessary to strengthen legislation work in order to tighten control and protect legal transport interests. Touching on problems in transport, he noted that accidents often occur in road and river transport because some people operate motor vehicles and boats without licenses and overload them. [Text] [Beijing XINHUA in English 1122 GMT 4 Oct 85]

'NORTHEAST ECONOMIC ZONE' ESTABLISHED--Shenyang, 26 Sep (XINHUA)--The "northeast economic zone" is being set up to coordinate development of China's major industrial base, according to an announcement by a local official here today. The economic zone includes Liaoning, Jilin, and Heilongjiang provinces as well as the city of Chifeng and the Hulun Buir, Xingan, and Jirem leagues in the inner Mongolia autonomous region. The office in charge of planning for the economic zone will be located in Shenyang, capital city of Liaoning. The economic zone has a population of 102 million and covers an area of 1.24 million square kilometers. Gross industrial and agricultural output value of the area was 147.4 billion yuan in 1984, accounting for 15 percent of China's total. [Text] [Beijing XINHUA in English 1631 GMT 26 Sep 85]

ASIA-PACIFIC TELECOMMUNICATIONS MEETING--Guangzhou, 7 Oct (XINHUA)--The first and second study groups of the Asian-Pacific telecommunications met here today. Attending the meeting are over 80 experts, engineers and technicians from 18 countries and regions. The meeting aims to promote cooperation and technical exchanges in telecommunications among countries in Asia and the Pacific, boost regional communications and coordinate technical standards and telecommunications networks in the Asian-Pacific region. This is the first time for China to sponsor such a meeting which will close 12 October. An exhibition accompanying the meeting will give delegates a general idea about China's development in telecommunications. [Text] [Beijing XINHUA in English 1519 GMT 7 Oct 85]

CSO: 4020/32

PROVINCIAL AFFAIRS

HEBEI SURPASSED SIXTH 5-YEAR PLAN INDUSTRIAL OUTPUT TARGETS

SK150615 Shijiazhuang Hebei Provincial Service in Mandarin 2300 GMT
29 Sep 85

[Text] During the period covered by the Sixth 5-Year Plan, our province's industrial production has developed in the course of readjustment and restructure. In 1984, the total provincial industrial output value reached 29 billion yuan, prefulfilling the Sixth 5-Year Plan by 1 year. In 1985, the total industrial output value is estimated at 34 billion yuan, a 54.1-percent increase over 1980, a yearly average increase of 9 percent, and greatly surpassing the target set by the Sixth 5-Year Plan which calls for ensuring a 4-percent increase and striving for a 5-percent increase.

During the period covered by the Sixth 5-Year Plan, our province has readjusted the structure of industrial products. As a result, the number of design and varieties of light and textile industrial products have increased remarkably; output of daily necessities which are being sold well on markets has doubled and redoubled; and the production of energy resources, steel products, and building materials which bear on the national economy and the people's livelihood but have been in short supply has developed rapidly. Of the 50 major products covered by the province's Sixth 5-Year Plan, the production targets of 30 have been prefulfilled by 1 year. As early as the end of 1984, the production targets of a number of major products, such as crude oil, raw coal, rolled steel, cement, synthetic ammonia, plate glass, small tractors, and television sets, which were set by the Sixth 5-Year Plan, have been overfulfilled.

Over the past year years, a number of new enterprises have been established in the province, the fixed assets have increased continually, the scientific and technical force and the ranks of workers and staff members have expanded gradually, and economic results have been raised somewhat. Meanwhile, 17 products have won the state gold and silver medals, 455 products have been appraised as quality ones by the province, and more products have increasingly entered the domestic and international markets, thus contributing to export, earning more foreign exchanges, and supporting the national economic construction.

CSO: 4006/113

PROVINCIAL AFFAIRS

JIANGSU INDUSTRY SHOWS STEADY DEVELOPMENT

HK150603 Beijing ZHONGGUO XINWEN SHE in Chinese 1239 GMT 10 Oct 85

[Text] Hangzhou, 10 Oct (ZHONGGUO XINWEN SHE)--Report on the work meeting held jointly by the Jiangsu Provincial Planning and Economic Commissions in Hangzhou: From January to September this year, the total industrial output value of Jiangsu Province was 63.98 billion yuan, a 31 percent increase compared to the corresponding period last year. It is estimated that this year, the annual total industrial output value of Jiangsu Province will reach 100 billion yuan.

In the first 9 months of this year, Jiangsu's heavy industry developed faster than its light industry. The industry owned by the whole people developed at a normal speed and its production output increased by 16.5 percent compared with the corresponding period last year. From January to August, the output of 80 out of 100 types of product increased compared with the corresponding period last year. The production of some products urgently needed on the market, such as steel, plate glass, TV sets and so forth, has fulfilled more than 80 percent of the production plan. While paying great attention to the increase in output of products, Jiangsu Province has also paid attention to the improvement in the quality of the products. Since beginning to check the quality of the province's industrial products in May this year, Jiangsu Province has finished checking the quality of 7,568 types of product and found that 91 percent of these products have been up to standard. The province has also checked 219 out of 263 products which had been awarded gold medals and silver medals by the state and found the quality of most of the products stable and the quality of some of the products improved. The output of durable consumer goods has been doubled and durable consumer goods can still find a good market. For example, the output of radio-cassette recorders has increased by 150 percent, but at the same time, the sales volume of radio-cassette recorders has increased by 200 percent. The output of refrigerators has increased by 140 percent, but at the same time, the sales volume of refrigerators has increased by 900 percent.

CSO: 4006/113

PROVINCIAL AFFAIRS

RENMIN RIBAO, XINHUA ON CENTRAL DELEGATION IN XINJIANG

OW151113 Beijing XINHUA Domestic Service in Chinese 1550 GMT 12 Oct 85

[Excerpts] Urumqi, 12 Oct (XINHUA)--Newsletter by RENMIN RIBAO and XINHUA reporters: "Sound of Singing Hovering From South to North of Tianshan--on the Central Delegation in Xinjing."

Party, you are like the sun rising in the east, warming the hearts of children of all nationalities, giving us warmth and giving us strength.

When the comrades of the central delegation taking part in the celebration activities of the 30th anniversary of the founding of the Xinjiang Uygur Autonomous Region appeared among the crowds of welcoming people, the people of all nationalities welcomed them as relatives with songs and dances.

Comrade Wang Zhen, head of the delegation, was well known and respected by everyone because he had spent the early, difficult years after liberation with the cadres, fighters, and people of all nationalities in Xinjiang. The people were happy to notice that Comrades Tian Jiyun and Hao Jianxiu, who were walking behind Comrade Wang Zhen, looked so young and energetic. Also with them were Comrades Seypidin Aizezi, Burhan, and Tao Zhiyue. Because of their old age, Burhan and Tao Zhiyue were in wheelchairs, continuously waving to the masses excitedly. Moved by the great jubilation of the people of all nationalities, Seypidin Aizezi could not help thinking of a poem he wrote before leaving Beijing: "Congratulations to you, my dear hometown. Presented to you with both hands is a bouquet of flowers I picked."

While visiting the achievements exhibition of the 30th anniversary of the founding of the autonomous region, everyone was in high spirits. Comrade Tian Jiyun said that Xinjiang is truly a good place with fine prospects and great hopes. Tao Zhiyue, who formerly held the leading posts of the Xinjiang Military Region and the Xinjiang Production and Construction Corps, had visited many localities in Xinjiang. During his visit to the exhibition, after noticing such a great change of Xinjiang, he praised continuously, saying: It has really changed so rapidly. It has really changed so rapidly.

On 3 October Comrade Wang Zhen and other members of the central delegation came to Urumqi's Nanshan animal husbandry farm to call on the herdsmen of all nationalities, where the beautiful Nanshan with its forests of pine trees and softly running streams, herdsmen riding on horses in formation, and the sound of singing and organ playing reverberating in the valley of the grassland composed a sentimental atmosphere. Touched by such an atmosphere, Comrade Wang Zhen, forgetting that he was 77 years old, could not help doing an Uygur dance. He also joined Hao Jianxiu and Burhan on horseback for a few trots in the grassland, where bursts of laughter occurred repeatedly.

Although the Altay grassland in northern Xinjiang was almost entering its cold winter season, it was warm in the felt houses of the Kazak-nationality herdsmen. When Wang Zhen and other comrades arrived at the Aweitan Township animal husbandry farm in Altay City on 15 October, the Kazak- and Mongolian-nationality herdsmen greeted them with the most solemn rites of their nationalities.

Hao Jianxiu and other comrades also went to Shihezi to call on the masses and land reclamation staff and workers. When they arrived in Shihezi, Lu Lanting, deputy director of 1 August Cotton Textiles Plant's cotton cloth weaving workshop, a national new Long March shock runner, and an advanced producer of the country's cotton textiles departments, who was waiting amidst a group of welcomers, ran up to Hao Jianxiu and cordially called her "old minister." Hao Jianxiu hugged her with both arms and extended regards to her. The people present were moved by such a scene.

The delegation's deputy head Zhou Wenyuan, who visited southern Xinjiang, was very much concerned about the disaster areas after the earthquake. He and some other comrades of the central delegation came to Upaer Township in Shufu County to call on the masses of all nationalities. When they saw the new residential houses built after the earthquake, many Uygur-nationality peasants harvesting new cotton and sowing winter wheat, and the prosperous country fairs, they were glad and relieved.

The central delegation was very much concerned about the development of various undertakings in Xinjiang. Everywhere he went Comrade Wang Zhen repeatedly gave his instructions and encouragement. He said humorously to the corps' staff and workers at Nong 10th Division: "You have joined the people in all nationalities in contributing to the development and construction of Xinjiang. Many of you are now grandfathers and grandmothers. I hope that your children and grandchildren will also be grandfathers and grandmothers and remain here to continue to struggle in unity with the people of all nationalities and build an even more beautiful Xinjiang."

Comrade Wang Zhen also said to the cadres and masses of all nationalities in Altay: "Our country is very large, with the magnificent Taishan in the east and the gold mountain Altayshan in the northwest. We should educate our children and grandchildren to warmly love our motherland and its beautiful rivers and mountains, and to contribute their strength to build a bright future for it."

CSO: 4006/113

PROVINCIAL AFFAIRS

JILIN ORGANIZES WORK GROUPS FOR DISASTER-HIT AREAS

SK150743 Changchun Jilin Provincial Service in Mandarin 2200 GMT
12 Oct 85

[Excerpts] On the morning of 12 October, the provincial People's Government held a meeting of responsible cadres from the relevant commissions, offices, departments, and bureaus under the provincial level organs in order to earnestly implement the spirit of the enlarged meeting of the provincial CPC Standing Committee and to further mobilize the people to do various work in a down-to-earth manner with the emphasis of combating the disaster to provide for and help themselves.

In order to vigorously and realistically grasp in a timely manner the work of combating the disaster and encouraging the people to help themselves before this year's grain procurement, the provincial People's Government has chosen a number of cadres from the departments and bureaus concerned to organize work groups to go deep into the grass-roots level units to help the disaster-stricken areas conduct the relief work successfully.

Wang Jinshan, vice governor of the province, presided over the meeting. Gao Dezhan, governor of the province, addressed the meeting. In his speech he stated: In line with the arrangement made by the enlarged meeting of the provincial CPC Committee, we should earnestly study and implement the spirit of the national conference of party delegates and regard the spirit as a motive force in successfully conducting various work at present with the emphasis of combating the disaster and encouraging the people to help themselves. The provincial-level organs and the governments at all levels should further organize their forces to do a good job in reconstruction and to push forward relief work. They should concentrate their efforts on conducting the work in the crucial period before the ground freezes and should vigorously carry out the work and achieve effective results. The task of combating the disaster and encouraging the people to help themselves comprises the work of making arrangements for the people's livelihood, encouraging the people to engage in production for self-salvation, and making production preparations for next year. However, the basic work in the task is to do a good job in making arrangements for the people's

livelihood. In the work for 1986, we should base ourselves on achieving a bumper harvest by combating disasters, combating serious flooding, and making irrigation and draining-water preparations in conducting capital construction. In the work of combating the disaster and encouraging the people to help themselves, we should establish responsibility systems and should have the departments or bureaus at all levels assume their responsibility.

In his speech, Governor Gao Dezhan pointed out: The provincial People's Government has organized the following three kinds of work groups: The first work group is organized by the provincial government and will be in charge of comprehensive plans; the second work group is organized by the departments concerned and will be in charge of specialized work; and the third work group will be in charge of guidance over the work of combating the disaster and encouraging the people to help themselves.

On 14 October, the work groups will go to the disaster-stricken cities and counties, including Changchun, Siping, and Jilin cities, to carry out their work.

CSO: 4006/113

PROVINCIAL AFFAIRS

TIANJIN: MUNICIPAL PEOPLE'S CONGRESS SESSION OPENS

SK150659 Tianjin City Service in Mandarin 1430 GMT 12 Oct 85

[Excerpts] The 4th session of the 10th Tianjin Municipal People's Congress was opened at the municipal cadres' club this morning. Zhang Zaiwang, permanent chairman of the congress presidium, presided over the session.

Attending the session were Bai Hua, Li Zhongyuan, Zhao Jun, Xu Ming, Yang Jianbai, Fan Quan, Han Tianyao, Yu Fujing, and Shi Jian. A report by Mayor Li Ruihuan on the current situation and future work was given to the delegates at the session.

Mayor Li Ruihuan gave his views on the current situation, an issue of common interest. He said: Like other areas of the country, the situation of Tianjin has been unprecedentedly good since the founding of the PRC. We have scored tremendous achievements in the rural reform. The whole economic reform focusing on the urban economy is being unfolded in all fields. Since last year, the municipal CPC Committee and Government have approved and issued more than 20 reform plans on reforming the structures of industry, agriculture, ports, capital construction, science, education, culture, public health, districts and streets, and have scored pronounced achievements. Last April, we summed up the changes in ten aspects in a government work report delivered at the 3d session of the 10th municipal People's Congress. We scored successful experiences in reforming the structure of districts and streets. All districts displayed active role in building and managing the city and in organizing the people's livelihood. We scored a substantial increase in industrial production and succeeded in improving economic results continuously. From January to September, the municipality's total industrial output value reached 21.264 billion yuan, an increase of 14.7 percent over the same period last year. It is estimated that this year's increase will be about 12.5 percent.

We made rapid progress in readjusting the rural production structure and reaped a bumper grain harvest. This year, the whole rural situation has been better than the past years. We achieved big strides in readjusting the agricultural production structure and scored

remarkable achievements. Under the situation of reducing the acreage of grain fields, the total grain output is still expected to reach 2.8 billion jin, a 7-percent increase over last year. We stabilized the vegetable growing acreage and better satisfied the vegetable needs of the urban residents.

In the first 9 months of this year, the cargo handling volume at ports reached 13.72 million tons, an increase of 17.9 percent over the corresponding period of last year. All economic targets hit the all-time record.

This year Tianjin decided to carry out 48 major technical transformation projects, of which 45 had been initiated by the end of September. We have accelerated the pace of technical transformation and scored obvious achievements in importing technology.

Through adopting a series of measures on encouraging exports, this year we scored fairly good achievements in foreign trade and export purchases. By the end of September, the exports through ports were valued at \$816 million, accounting for 79 percent of the state assigned plan. The foreign trade transaction volume also increased as compared with the same period last year.

We succeeded in controlling the scope of capital construction, and markedly changed the outlook of the urban and rural areas.

The scientific research contingents were expanding day by day. This year we succeeded in 1,040 major natural scientific and technological research findings. At present, some 399 findings are being registered and applied for state and city awards for major scientific and technological findings, an increase of more than 5 times over last year.

Under the guidance of the central decision on reforming the educational structure and the guidelines of the national educational work conference, our municipality has made new progress in educational work. Respecting teachers, paying attention to education, and supporting educational undertakings have become a social practice in the entire municipality.

In order to expand the development of the tertiary industry, Tianjin municipality has proceeded from increasing the number of commercial networks. The number of persons being employed in these networks increased by 100 percent. These commercial networks have played a good part in making the livelihood of the people more convenient, serving production, and improving the city functions.

The markets were brisk and the people's livelihood continued to improve. Through reforming the wage system, most staff members and workers have increased their income. By the end of September, the municipality's urban and rural savings deposits increased 21.7 percent over the same period last year.

Sitting on the rostrum this morning were members of the congress presidium, and Wu Zhen, Liu Zengkun, Nie Bichu, Yao Jun, and Liu Jinfeng, vice mayors of Tianjin Municipality; Lu Xuezheng, secretary general of the municipal government; Wang Yongchen, president of the municipal higher people's court; and Liang Guoqing, chief procurator of the municipal people's procuratorate.

CSO: 4006/113

PROVINCIAL AFFAIRS

SHANDONG HOLDS FORUM ON WORK OF ISLANDS

SK150231 Jinan Shandong Provincial Service in Mandarin 2300 GMT 13 Oct 85

[Text] At the second provincial island work forum, Governor Li Changan pointed out that during the Seventh 5-Year Plan period, scientific and technological progress should be regarded as a focus on the development and construction of islands.

The second provincial island work forum was held in Changdao County from 11 to 13 October. Attending the forum were leading persons of provincial organs and relevant cities, counties, and townships, totaling more than 100 persons. Li Changan, deputy secretary of the provincial CPC Committee and governor of the province, and Lu Hong, vice governor of the province, attended and addressed the forum.

With the spirit of the fourth plenary session, the National Conference of CPC Delegates, and the fifth plenary session as a guide, the forum summed up and exchanged the experiences in promoting the two civilizations on islands, and discussed and studied the measures for accelerating the development and construction of islands during the Seventh 5-Year Plan period, in particular next year. The forum noted: The guiding ideology, construction principles, and policy measures set forth at last year's island work forum were correct. Thanks to the concerted efforts of the party, the government, the army, and the civilians, substantial achievements have been scored in the development and construction of islands.

Comrade Li Changan pointed out in his speech: The efforts of the departments under the provincial government to take the overall situation into consideration, take the initiative in making coordination, serve the grassroots units, and enforce the responsibility system, as they did in solving the problems of islands by going to the grassroots levels to conduct investigations and study and putting forward the policies and measures compatible to the reality of islands, are one of the important indicators showing the change of their leaders style and also a good way to solve the problems in promoting the two civilizations.

In making arrangements for the work of islands, Comrade Li Changan said: In the future, the work of islands should be carried out in line with the tasks set forth at the conference of CPC delegates and by promoting the two civilizations simultaneously with the stimulation of reform and opening to the outside world.

He stressed: Scientific and technological progress should be regarded as a focus of the development and construction of islands. Comprehensive development and research of individual projects should be conducted in accordance with the needs in the development and construction of islands. In the next 5 years, we should, first, attend to the application of the existing scientific and technological findings, second, tackle the technical difficulties of key research work and, third, popularize science and technology to enable specialization, commercialization, and modernization to take place in the economy of islands.

Comrade Li Changan pointed out: Political and ideological work should be taken as the key to facilitating a fundamental turn for the better in party style and social conduct. In promoting the socialist spiritual civilization, we should educate the masses to understand correctly the relationship between the two civilizations, to handle correctly the relationship of interest of the state, the collective, and the individual, and to correctly handle the relationship between self-reliance and state support so that we can further the activities of promoting civilizations by army men and civilians cooperatively and achieve greater results in promoting the spiritual civilization.

CSO: 4006/113

PROVINCIAL AFFAIRS

BRIEFS

GUANGDONG DEVELOPS INDUSTRY, ECONOMY--Despite difficulties in power supply, raw materials supply and transportation, the province in the third quarter has steadily developed industrial production and further enhanced the economic results. According to statistics, in the third quarter the province's gross industrial output value was over 12. One billion yuan or 29 percent more than the same period last year. From January to August, the provincial financial revenue was 4.699 billion yuan, or 93 percent of this year's assigned target, and its growth rate was greater than that of this year's plan. [Summary] [Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 11 Oct 85]

ARTISTIC WORKS EXHIBITION--The first youth calligraphy, painting, and photo exhibition sponsored by the organs directly under the provincial CPC Committee opened at the provincial exhibition hall today. More than 600 works on display had substantial content, various characteristic styles, glimpses of agricultural sights of the times, and a high artistic level. Some provincial leaders, including Li Lian and Chen Lei, offered calligraphy, painting, and photo works to the exhibition. [Text] [Harbin Heilongjiang Provincial Service in Mandarin 1000 GMT 15 Oct 85]

JAPANESE BUSINESSMEN IN XINJIANG--Urumqi, 3 Oct (XINHUA)--Wang Zhen, vice chairman of the Advisory Commission of the CPC Central Committee and honorary president of the China-Japan Friendship Association, met here this evening with Shozo Fukui, senior president of the Nichimen Corporation of Japan, and his party. Among others present at the meeting was Qi Guo, secretary of the Xinjiang Uygur Autonomous Regional Party Committee. [Text] [Beijing XINHUA Domestic Service in Chinese 3 Oct 85]

CSO: 4006/74

GU MU--NO CHANGE IN OPEN COASTAL CITIES POLICY

OW241129 Beijing XINHUA in English 1049 GMT 24 Sep 85

/Text/ Beijing, 24 Sep (XINHUA)--There will be no change in China's policy on the 14 open coastal cities which have been granted broad decisionmaking powers on foreign investment and trade, State Councillor Gu Mu stressed.

"We have taken measures nationwide to curtail the scale of capital construction, reduce the overheated production growth rate and tighten control of foreign exchange and credits." Gu told a reporter of the weekly, OUTLOOK.

He emphasized that the tighter controls were aimed at ensuring a sustained and balanced growth of China's economy.

"Because of these measures," he said, "some open coastal cities and special economic zones are encountering difficulties in use of funds and hard currency."

Signing of contracts with foreign firms will probably be slowed down. But this is only a "temporary phenomenon," Gu noted, adding that these cities and zones will speed up cooperation with foreign investors in the near future.

He reiterated that the country's policy of opening to the outside world will be carried out on a broader and not narrower scale in the future.

The Chinese Government has decided to give priority in allocating development funds to Shanghai, Tiajin, Guangzhou and Dalian, because foreign investment conditions there are better.

State Councillor Gu said that this does not mean the "closing" of other coastal cities to foreign investors. The government will continue giving funds to other cities as they are becoming increasingly attractive to foreign firms as investment conditions.

Foreign investors will enjoy preferential treatment in inland areas, he said, if they undertake development projects or bring in sophisticated technology.

"We are trying to improve economic legislation and work out specific measures. For example, regulations on foreign investors remitting profits out of China are being formulated," he said.

CSO: 4020/29

ECONOMIC PLANNING

SHANGHAI MAYOR INTERVIEWED ON NEW TECHNOLOGIES

OW100927 Beijing XINHUA in English 0839 GMT 10 Oct 85

[Text] Shanghai, 10 Oct (XINHUA)--Greater attention will be paid to developing optical fiber communications, genetic engineering products and other new technologies and industries in Shanghai, said vice-mayor Liu Zhenyuan in an interview here today.

Projects of strategic importance include development of facilities to produce hepatitis vaccine, diagnostic biological agents, organic polymeric building materials and 14 other pilot production lines, he said.

To this end, the vice-mayor said, laboratories to research infrared ray physics, ion beam analysis, molecular biology and other modern fields of physics will be built.

The output value of new industries only accounted for 1.4 percent of Shanghai's total last year although the city achieved 220 technical breakthroughs in this field, he said.

To retool its industry, the city has imported 800 projects since 1983, involving an investment of 870 million U.S. dollars.

As one of the strategies, the vice-mayor said, the city will develop mechanized aquaculture, poultry farming, down processing techniques and therapeutic food and drinks, which are more suitable to local medium and small enterprises.

Efforts will also be made to build a subway, power plants, expressways and tunnels beneath the Huangpu river to improve the city's power supply and traffic.

Moreover, a 22.5 km optical fiber telephone system will be built to relieve the strains on the city's communications, Liu said.

CSO: 4020/30

ECONOMIC PLANNING

XINHUA COMMENTS ON NEXT STEPS IN ECONOMIC PLANS

OW111818 Beijing XINHUA in English 1551 GMT 11 Oct 85

[Text] Beijing, 11 Oct (XINHUA)--The following is a commentator's article of ours on the need for China to plan its fixed assets investment still better:

Strict control over the scale of investment in fixed assets is crucial to China's smooth economic construction and advancement of its present excellent situation in national economic development.

In its latest circular, the state council announced it has decided not to expand the scope of capital construction this year. This came in the wake of a proposal by the Chinese communist party national conference in September, concerning the country's Seventh 5-Year Plan (1986-90), to set the construction scale over the next two years at roughly the same level as in 1985.

National fixed assets investment has tripled over the past five years. This has caused serious problems, including price rises and shortage of raw materials, and delayed completion of top-priority projects.

In short, over-extended capital construction has resulted in strains in all economic fields and has hindered the progress of the on-going reform.

The problem is due largely to local authorities and departments vying with each other to build projects.

The past experience, both positive and negative, indicates that fixed assets investment must be consistent with our country's financial and material resources.

It is, therefore, absolutely necessary to halt all projects that will turn out poor-quality products and yield low efficiency. Local and departmental leaders should conscientiously support state control over the "macro-economy"--the country's planned national economy.

Efforts must also be intensified to control funds and bank loans spent on construction and technical upgrading, and equipment renewals. All extra-budgetary investment is subject to state regulation.

Measures taken by the government over the past few months to control the capital construction scale have begun to show results.

For example, China's industrial growth rate dropped from 23.1 percent in the first half of this year to 14.7 percent last month.

But whether this good situation is to develop further hinges on how successful the work to curtail the scale of investment is.

CSO: 4020/30

ECONOMIC PLANNING

LANZHOU OFFICE FOR PROVINCIAL COOPERATION PLANNED

OW130351 Beijing XINHUA in English 0325 GMT 13 Oct 85

[Text] Xining, 13 Oct (XINHUA)--A new program has been worked out by China's five northwestern provinces and autonomous regions to strengthen their economic cooperation in order to speed up the development of their abundant natural resources.

As part of the new program, an economic and technological cooperation office for the northwest has been planned for Lanzhou, capital of Gansu Province.

At a joint conference on the area's economic and technological cooperation held recently in Xining, capital of Qinghai Province, altogether 425 contracts and agreements of intent have been signed among the five provinces and autonomous regions.

With one-third of the country's total grassland, Xinjiang, Qinghai and Gansu total more than 100 million hectares of pastoral area and grassland. The water resources in the northwest account for 12.5 percent of the country's total. It also has plentiful coal and petroleum deposits. Deposits of minerals such as salt, asbestos and nickel rank first in the country.

The northwestern area has also developed cooperation with other parts of the country. More than 5,000 economic and technological cooperation projects have been planned over the past two years since China decided in 1983 to turn its major economic construction efforts to the northwest around the turn of this century.

CSO: 4020/30

TOP CHINESE ECONOMIST ON DEVELOPMENT OF WEST CHINA

Beijing JINGJI RIBAO in Chinese 11 Aug 85 p 1

[Excerpts from speech by Xue Muqiao: "Expanding Economic and Technological Cooperation Between East and West China: Excerpts from Written Speech by Xue Muqiao at Symposium on the Economic Development of West China"]

[Text] Now that the Symposium on the Economic Development of West China is being convened in Lanzhou, I hope that through thorough, seeking-truth-from-facts discussions, the symposium will make valuable contributions to establishing correct guidelines for the development of west China and strengthening economic and technological cooperation between east and west China.

China is still a developing country. Western China is generally less developed than the eastern part. This difference took shape over a long historical period and a result of differences in geography and natural conditions; this it cannot be changed over a short period of time by subjective will. From the mid-1950s to the early 1970s, despite the state's huge investment, west China's industrial growth was always slower than that of east China. Since the 3d Plenum of the 11th CPC Central Committee, because the policy of economic revitalization at home and opening up to the world was carried out, industry has grown rapidly in the coastal regions in southeastern China, thereby serving to widen the economic gap between east and west China. This situation has made party and governmental leaders of the western regions feel uneasy and eager to catch up in order to narrow regional discrepancies. This kind of enthusiasm is understandable and even very valuable. The question now is how to accelerate the economic development of the western regions. And this requires not only enthusiasm but also sober-mindedness, which will enable us to base our development plans on seeking truth from facts and stressing economic results. As early as in 1980, Comrade Zhao Ziyang pointed out that in the world the issue was "south-north dialogue" whereas China had an issue of "east-west dialogue." How to use the eastern regions' funds and technological force to aid the western regions' economic construction? The western regions can utilize their rich natural resources to support the eastern regions' processing industry, and on this basis gradually develop their own processing industry. Carrying out economic cooperation between east and west is the most realistic and effective way to open up the western regions. Based on the above analysis, I offer the following preliminary suggestions on how to open up the western regions and expand east-west technological cooperation for the symposium participants' reference during discussions.

First, the western regions must emancipate the mind, mobilize the masses, and rapidly develop agriculture, forestry and animal husbandry so that the masses will have enough food and clothing, thus laying a good foundation for developing industry. Some comrades often say, we hope the central authorities will give us policies. I think they have already given many policies. Have these policies been carried out well? As far as I know, there are still gaps in some places. In my opinion, what is important is to further implement the policies of the 3d Plenum of the 11th CPC Central Committee, develop agriculture, forestry and animal husbandry in a big way, and rapidly solve the problems of food and clothing as well as paying attention to avoiding excessive enthusiasm for industrial growth while at the same time neglecting priorities.

Second, through relying on their own efforts but striving for aid from the eastern regions, the western regions should develop medium and small-scale local industries in a big way and use them to form an industrial network with large and medium-sized backbone enterprises on the "first front," thus laying a good foundation for further industrial development. The western regions also have some industrial enterprises with advanced technology, especially the weapons industry. Now the question facing us is how to fully utilize this advanced technological force, including technical personnel and equipment. I suggest that the western regions make use of this technological force and establish a large number of medium and small-sized enterprises to serve local economic construction. I have heard that in the northwestern region, some local banks' savings exceeded loans and some funds flowed to the southeastern region. To alter this situation, we should rely mainly upon improving economic results, not "preferential treatment policy."

Third, success depends on human effort. Therefore, to develop economy, one must first of all improve the quality of the workers, especially leading cadres involved in economic work.

Fourth, the coastal regions in eastern China should open two doors--one toward the outside and the other toward the inside--and attach equal importance to both. I suggest that the industrial cities in the east make even greater efforts to support the [positive] exploitation of the west. Besides economic cooperation, technological aid should also be strengthened. The scope of economic cooperation should also be expanded--it should include not only the circulation of funds and cooperation in economic projects, but also the exchange of economic knowledge and managerial experience. The eastern regions should regard supporting the western regions as an important part of their economic development program and recognize the fact that not opening up the western regions will not be favorable to the development of the eastern regions' economy.

12974
CSC: 4006/938

ECONOMIC MANAGEMENT

BRIEFS

LEADERSHIP GROUPS REORGANIZED--The reorganization of the leadership groups of the province's 90 enterprises listed among national key projects has basically been completed. By the end of August, the reorganization of the leadership groups of 80 enterprises had been completed. After readjustment and reorganization, the members of the new leadership groups of the 80 enterprises have upgraded their levels in all fields. According to statistics, the average age of the members is 44.4, a drop of 4.6 compared with that before the reorganization. Those who have reached the cultural level of a college student or higher account for 78 percent, an increase of more than 40 percent over that before the reorganization. [Excerpts] [Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 19 Sep 85]

CSO: 4006/74

FINANCE AND BANKING

BANK FUNCTIONS MUST BE VIGOROUSLY DEVELOPED

Shanghai SHIJIE JINGJI DAobao [WORLD ECONOMIC HERALD] in Chinese 15 Jul 85 p 2

[Article by Pan Muping [3382 1970 1627]]

[Text] The development of our socialist modernization construction projects and the reform of the economic system have made new demands on the banks and other financial institutions. According to the decision made at the 3d Plenum of the 12th CPC Central Committee to bring about reforms in the economic system, and in view of the fact that ours is a planned commodity economy, we must gradually and appropriately reduce directive planning and extend guidance planning. Apart from that, the rest should be left to the market's regulative role. Our economy has been progressing from the closed type of the past to an open and dynamic type. During this period of transition and in the economic life in the future, the functions of finance, taxation and commodity prices will gain importance as economic levers and exert a positive influence on the economy over a long period of time, and the role played by the banks in the national economy will become increasingly prominent.

The functions assumed by the banks include the raising of funds for ready availability, directing the flow of funds, supervision over the utilization of funds, strengthening their macroeconomic control and promoting microeconomic effectiveness. As a central bank, the People's Bank of China is one of the most important institutions responsible for adjusting the macroeconomy; it is a state organization vested with the authority to exercise financial control over the whole nation under the guidance of the State Council. Its responsibilities are to study and to formulate the principles, policies and rules and regulations and the basic financial system, and to ensure their implementation after they have been approved, to exercise control over currency issuance, to regulate the circulation of currency in the market, to exercise unified control over the interest rate of renminbi deposits and loans and the rate of exchange of foreign currencies, to draw up a credit loan plan for the state, to exercise centralized control over credit funds, to control the nation's foreign exchange, gold and silver, to act as an agent for the state treasury, to examine and approve the establishment, closing or merging of financial institutions, to coordinate and check up on the operations of financial institutions, to exercise control over the money market, and to engage in international financial operations on behalf of the state.

Aside from the People's Bank of China, our financial institutions include the Industrial and Commercial Bank of China, the Agricultural Bank of China, the People's Construction Bank, the Bank of China, the People's Insurance Co of China, and the China International Trust and Investment Corp. All these financial institutions must develop their operations within the scope of their responsibilities according to the unified financial policy and under the guidance of the state.

While the development of socialist modernization construction projects calls for an increasing amount of funds, its supply is limited by certain objective factors. Instead of making funds available to all and sundry upon request, the banks must exercise their macroeconomic control. If limited funds are to be used to good effect and in a flexible manner, then the problem of how to invigorate the microeconomy will have to be addressed. For that reason, the banks must resolve the conflict arising from the exercise of macroeconomic control and the need to invigorate the microeconomy. They should neither hamper economic development by exercising their control nor seek to invigorate the economy by enlarging the scope of credit loans and diverting their funds in various directions in an indiscriminate manner. In developing their functions, the banks must adopt economic, administrative and legal measures in order to control the supply of funds and the total amount of loans, to set up a proper loan structure, to determine the direction for the extension of loans, to maintain the stability of the currency and to promote the proper growth of the economy so as to create the necessary conditions for the development of the national economy in a sustained, steady and coordinated manner and for reforming the economic system. An analogy may be found in the function of blood in the human body. Just as it is necessary to ensure the unimpeded flow of blood through the various channels so that the human body can be expected to function properly, it is only when currency circulate unimpeded in the national economy that it is possible to promote normal economic development.

The reform of the economic system calls for reform of the banking system. As has been pointed out by Comrade Deng Xiaoping, the banks must concern themselves with the economy and serve as a lever for promoting economic development and technological innovation if they are to operate as banks in the true sense of the word. That is the direction toward which the banks must go in fulfilling their mission of reforming the banking system. The reform of the banking system is an arduous one. The first among the major tasks is to do away with the "big pot" syndrome prevailing among the banks and to grant the banks autonomy in extending loans. The second is to establish the necessary rules and regulations, including those concerning personal responsibility and the requirement of doing business strictly according to regulations. The third is to resume in a systematic manner some of the traditional banking operations and to make a start in establishing the money market and financial centers on various scales with the backing of key cities. The fourth is to continue to upgrade the quality of banking services for the enterprises, the masses, and for economic construction projects. The fifth is to establish in a vigorous manner a contingent of bank workers and to improve the political and operational standards of workers in the financial field so that they may cope with the need for the continuous development of banking operations.

Banking operations call for the support and involvement of those in leading positions at various levels. It is only by placing themselves under the firm leadership of the party that the banks can effectively fulfill their role. We place a high premium on banking operations. All those engaged in the business must devote themselves to their work in a circumspect and conscientious manner.

9621

CS0: 4006/952

FINANCE AND BANKING

BRIEFS

YUNNAN FINANCIAL REVENUE--From 1981 to the end of August this year, the province's financial income amounted to 7.0 billion yuan, overfulfilling by 3.8 percent the total financial income target of the Sixth 5-Year Plan ahead of schedule. [Summary] [Kunming Yunnan Provincial Service in Mandarin 2300 GMT 26 Sep 85 HK]

CSO: 4006/16

INDUSTRY

BRIEFS

INDUSTRIAL PRODUCTION STATISTICS--During the period of the sixth 5-year plan, the province's industrial production was steadily readjusted. According to information provided by the provincial statistics bureau, the province fulfilled the targets of the sixth 5-year plan 1 year ahead of schedule in the gross industrial output value covered by the province's plan and the output of 10 industrial products. In the first 4 years of the sixth 5-year plan, the average annual growth rate of the province's industrial output value was 5.1 percent. The output value of the province's lightindustry and that of the heavy industry increased by growth rates higher than the annual growth rate set by the sixth 5-year plan. The province's industrial output value for this year is expected to reach some 1.9 billion yuan, overfulfilling the target of the sixth 5-year plan by 23.3 percent. [Excerpt]
[Xining Qinghai Provincial Service in Mandarin 2330 GMT 27 Sep 85]

CSO: 4006/74

CONSTRUCTION

BRIEFS

XINJIANG RAILWAY CONSTRUCTION--Urumqi, 2 Oct (XINHUA)--Construction began last weekend on a 240-km railway between Urumqi and Usu in the Xinjiang Uygur Autonomous Region. The tracks will run through seven cities and counties and will be completed by October 1987. This new railway in the second phase will extend the Chinese rail system further west through Alataw Pass towards the Soviet railways, which connect Central Asia with Amsterdam, capital of the Netherlands. The new railway is significant to the development of the regional economy as it runs through major industrial and agricultural production bases in Xinjiang. /Text/ /Beijing XINHUA in English 0649 GMT 2 Oct 85/

CSO: 4020/26

DOMESTIC TRADE

NATIONAL GARMENT EXHIBITION OPENS IN BEIJING

OW300932 Beijing XINHUA inEnglish 0910 GMT 30 Sep 85

/Text/ Beijing, 30 Sep (XINHUA)--A national garment sales exhibition opened here today at the Beijing light industrial products exhibition center, providing the capital's newly fashion-conscious citizens with a golden chance to view the latest in Sino-style.

Garments for the four seasons for males and females and old and young were supplied by factories from 16 provinces and municipalities across the country.

Thousands of eager customers packed the exhibition halls and the stalls on the square outside the building as the season for new clothes set in.

A woman of about 30 bought her 2-year-old son a red nylon overcoat for 18 yuan. The suit seemed to just fit the boy. The woman said, "Nowadays when we buy clothes for children, we should not buy oversized clothes. When they grow out of them we can simply throw them away and buy new ones; not like in the old days when clothes were a major investment."

An office worker who bought a suit of pure wool worth 180 yuan and a "blue sky"-brand shirt said, "I have long been looking forward to buy such famous-brand products."

Two customers who bought terry-cloth night gowns said, "Since our living conditions have improved we are now in a position to be a little more fastidious about clothing." They suggested that garment factories produce more such stylish clothes to be put on the market.

Many young women surrounded the counter of the Nantong Garment Corp of Jiangsu Province, attracted by their richly-designed meshwork and drawnwork woolen and acrylic sweaters. At present, bat-shaped sweaters, loose tops and close-fit slacks, as well as worsted coats and skirts are in vogue for middle-aged and young women in Beijing.

At the current sales exhibition, sponsored by the China Garment Industry Corp, there was no rush buying as seen at previous sessions of the same size. According to the organizers, the attitude of the customers has changed; they are no longer willing to wear the same kind of clothes as other people. Moreover, the room for choice is much bigger because of improved supply.

In addition to the existing department stores and garment shops, hundreds of individual garment dealers have set up stalls on busy streets this year.

On the eve of National Day, 1 October, 52 department stores and garment shops in Beijing have organized sales exhibitions of garments according to different categories after a long period of preparation. At a small shop on Xidan Street which sells garments for older customers, it was learned that the daily turnover had risen sharply from just 5,000 yuan on a normal day to more than 10,000 yuan during the sales exhibition.

CSO: 4020/29

FOREIGN TRADE AND INVESTMENT

SINO-U.S. CAR ASSEMBLY VENTURE BEGINS PRODUCTION

HK261532 Hong Kong AFP in English 1336 GMT 26 Sep 85

/Text/ Beijing 26 Sep (AFP)--The first U.S. car assembled in China, an American Motors Co (AMC) Cherokee Jeep, rolled off the line here today to the sound of drums and cymbals--but AMC was not sure how or when it would take profits home.

At a ribbon-cutting ceremony in a workshop of the sprawling Beijing Jeep Corp, Chinese State Councillor Chen Muhua and AMC Executive Vice President Joseph Cappy praised the joint venture firm as a symbol of Sino-U.S. friendship and the success of China's open-door economic policy.

But Chinese and U.S. partners, while enthusiastic about Beijing Jeep's rapid progress and future prospects, were quick to concede that numerous differences remained.

AMC executives said that it had yet to be decided when their firm would repatriate profits, while officials from the Chinese side of the 2-year-old partnership said that the rate of localization--the substitution of Chinese parts for U.S.-made imports--was a subject of continuing debate.

Chairman of the board Wu Zhongliang said that the firm would assemble 750 of the four-wheel-drive vehicles before the end of 1985, and that production would rise to 40,000 by 1990.

Efforts to increase quality and productivity in China's outmoded automotive industry have spawned two other foreign-backed operations--a Nissan assembly plant in Tianjin and a Volkswagen plant in Shanghai.

But Beijing Jeep officials said that the level of investment and technology transfer in their operation far exceeded that in the others, which they said assembled models already outmoded in the international market.

The first Beijing-built Cherokees are expected to sell locally for about 55,000 yuan (18,800 dollars), slightly more than in the United States, with buyers to pay 60 percent of the price in foreign exchange and the remainder in local currency, Chinese and foreign sources said.

AMC, which holds 31.5 percent of Beijing Jeep, has invested 1.6 million dollars, half in cash and half in technological know-how, since the /word indistinct/ venture was set up in 1983, Chinese publicist Zhang Cailin said.

Beijing Automotive Works, which contributed workshops, 4,000 workers and an existing stock of four-wheel drive vehicles and parts, holds the remainder.

Mr Cappy said that the joint venture agreement specified that profits could be repatriated, but that repatriation would have to be agreed upon by the board, on which the Chinese partners are in a majority.

"We haven't pushed hard enough on the foreign exchange issue," confided one AMC executive.

"So far it hasn't been a problem because we're reinvesting all our profits. If we find we are building up large amounts of profits in Chinese currency we'd push harder and I think we'd find a solution."

The problem is common to many joint ventures in China. The problem is common to many joint ventures in China. The government has said that profits may be repatriated, but investors complain that profits earned in local currency cannot be converted into foreign exchange.

On the Chinese side, Mr Zhang said that the rate of localization was continually debated with the Americans.

A mere 12 percent of the value of each Cherokee is now created in China, a proportion that Mr Wu said he hoped to push to between 60 and 70 percent by 1990.

AMC executives said they expected that Beijing Jeep would continue to import a large number of components for many years to come.

But Chinese officials said that the high level of imported parts could not be sustained in the long run, because restrictions on foreign exchange expenditure would be even tighter in the future.

Despite the problems, Mr Cappy said he was delighted with progress in the joint venture, which is set to run for 20 years.

"We're not in this for short-term profits," he said. "We see this as our supply base in Asia for exporting at most competitive prices."

Wages are nothing if not competitive. Li Xiaolin, a 23-year-old electronics inspector on the assembly line, said she earned monthly pay of "more than 100 yuan" (about 34 dollars) for a 6-day week.

CSO: 4020/29

FOREIGN TRADE AND INVESTMENT

XINHUA NOTES GROWTH OF PRC ECONOMIC LEGISLATION

OW281139 Beijing XINHUA in English 1030 GMT 28 Sep 85

/Text/ Beijing, 28 Sep (XINHUA correspondent Yang Guojun)--the growth of China's economic legislation is effectively promoting the advance of the country's economic development, and meeting the needs of its increasing involvement in international economic activities.

The development of economic legislation has been given a high priority since its rehabilitation in 1979.

Over the past few years, the National People's Congress and its standing committee and the State Council have issued more than 300 laws, decrees and regulations, of which the majority concern economic activities.

During this period, nearly 600 local regulations were enacted by provincial, municipal and autonomous regional authorities.

Economic laws and regulations cover planning, financial work, capital construction, management of enterprises and all other aspects concerning economic development.

Economic law research institutes established at central and provincial levels have formed a national economic legal network.

The economic legislation research center of the State Council is in charge of planning and drafting important economic laws.

In addition, a five-member group made up of deputy secretary generals of the State Council and leading economists was set up earlier this year to study and formulate laws and regulations to aid the country's continuing economic reforms.

Legislation governing Sino-foreign economic activities is of particular importance. In addition to more than a dozen laws and regulations exclusively covering Sino-foreign economic exchanges, China has also passed nearly 100 laws and statutes that are related to Sino-foreign economic affairs, covering registration, taxation, management and labor service of joint ventures and cooperatively-run enterprises as well as economic and trade contracts and settlement of disputes.

These new laws have received an enthusiastic response from many foreign industrialists, investors and legal experts.

Philippe de Smedt, of the Brussels Bar Association, said at a Beijing law seminar last year: "European investors have become more eager to investigate opportunities in China as the Chinese framework of legal and tax regulations has developed more fully in recent years."

Cyrus Vance, former United States secretary of state, noted at meetings in Shanghai and Dalian last year that China's legal system was improving.

He said: "This has made it possible for extensive economic and technical exchanges and trade between the United States and China."

Although China has still much to do to improve its legal system, the laws and regulations passed so far have basically guaranteed the smooth implementation of the country's policy of opening to the outside world.

While strengthening legislation, China is also taking other steps to protect the interests of foreign investors, such as signing agreements on protecting foreign investment, and concluding contracts with specific provisions stating such protection.

Chinese officials have signed agreements protecting foreign investment in China with many countries, including Sweden, Romania, the Federal Republic of Germany, Belgium and France, as well as agreements on avoidance of double taxation and tax evasion with Japan, the United States, France and Britain.

Issues not covered by present laws and regulations may be incorporated into economic contracts, stipulating in explicit terms the rights and obligations of both parties. The contracts, once approved by the Chinese Government, have full legal effect.

CSO: 4020/29

FOREIGN TRADE AND INVESTMENT

PRC TO GRADUALLY TIGHTEN CONTROLS OVER EXPORTS

HK091238 Hong Kong AFP in English 0856 GMT 9 Oct 85

/Article by Lawrence MacDonald/

/Text/ Beijing, 9 Oct (AFP)--China's Foreign Trade Ministry today revealed plans to tighten its control over the country's exports in what analysts described as a partial pullback from previously announced reforms.

Deputy Foreign Trade Minister Chen Jie told reporters the ministry would strengthen administration of production, procurement, marketing and transport of exports to stem a flow of "illegally" exported goods that had "seriously affected" markets in Hong Kong and Macao.

Trade analysts said the recentralization--which included expanded license and quota schemes and renewed emphasis on the role of the Guangzhou trade fair--was a partial pullback from plans announced last June to boost exports by cutting red tape and giving local enterprises greater independence.

Hong Kong firms that had contracts with China's state trading firms complained that they were being undercut by "shui huo" or "water goods" being shipped by local officials from newly-opened mainland ports, the analysts said.

Mr Chen said the new measures would be implemented gradually and were in keeping with the principle of "keeping control over the macroeconomy while invigorating the microeconomy."

Hong Kong is China's second largest trading partner and last year accounted for 5.48 billion dollar's worth of exports.

Mr Chen urged reporters to suggest that businessmen attend the upcoming autumn session of the Guangzhou trade fair that would include "a whole lot of new commodities, new varieties and new designs."

The twice-yearly fair was once China's major trading venue but has in recent years been eclipsed by numerous specialty and local fairs that have enabled foreign buyers to deal more closely with Chinese producers.

Mr Chen said the Foreign Trade Ministry had already moved this year to strengthen quota and export license controls over cotton yarns and piece goods as well as fresh, live and frozen foods.

Corn exports were to be administered and coordinated by the Corn Export Association while pearls would be exclusively handled by the China National Arts and Crafts Import and Export Corporation, he said.

The export license system would be extended to an additional 21 commodities including leather work gloves, silk, ceramics and frozen prawn, he said.

Reduction of the illegally exported commodities would be gradual, with previously-signed contracts examined on a case by case basis, he said, adding that such a reduction would "be conducive to the export business conclusion at the fair and also to the prosperity and stability of the Hong Kong market."

Total business conducted at each spring and autumn session of the fair remained roughly constant around 2.5 to 3 billion U.S. dollars for several years, though China's total trade last year grew by nearly 39 percent to 53.63 billion dollars, Mr Chen said.

Mr Chen declined to reveal China's projected trade balance this year but said that a moderate trade deficit would be maintained for some time, as China would continue to finance imports with nontrade foreign exchange earnings.

China's trade deficit, which was 1.3 billion dollars in 1983, had already reached 7.89 billion at the end of last July as the result of a splurge of consumer spending, official figures showed.

Chinese leaders have slammed the brakes on import growth, recently raising foreign exchange spending controls previously allocated to some major cities to boost technology imports.

Mr Chen said that the primary way to correct the deficit was to boost exports.

Regarding the ongoing devaluation of China's currency, the renminbi, he conceded that it would help boost exports but said that the effect would be small, since selling prices were calculated according to world market levels.

CSO: 4020/29

FOREIGN TRADE AND INVESTMENT

BEIJING PRESS BRIEFING HELD ON GUANGZHOU FAIR

OW091145 Beijing XINHUA in English 1034 GMT 9 Oct 85

/Text/ Beijing, 9 Oct (XINHUA)--New products, new varieties and new designs will give buyers a much wider choice at the Guangzhou autumn export commodities fair from 15 October to 5 November, Chen Jie, delegate to the minister of foreign economic relations and trade, said at a new briefing here today.

He said machinery, textiles, silks, metals and minerals, and arts and crafts corporations will all be putting new commodities on display. For example, about 40 percent of the machines being offered to traders are new products.

The Guangzhou fair is the biggest and most comprehensive trade fair offering Chinese export commodities. Since the first fair in 1957, it has been held twice annually in spring and autumn.

In order to facilitate negotiations and contract signing, Chinese companies handling the same kinds of products have been grouped into commodity units at the fair, Chen said.

Chen Jie also explained that steps have been taken to strengthen administration of production, procurement, marketing and transportation departments and prevent unauthorized exports into the markets in Hong Kong and Macao.

For instance, he said, the quota system and export licenses for fresh, live and frozen foods for the Hong Kong and Macao markets are now more closely monitored and the situation has turned for the better. The licensing system for cotton yarn and piece goods and t/c yarn and piece goods has also been improved and this has helped stabilize the market.

Corn exports are now being coordinated and administered by the Corn Export Association. Pearls will be exclusively handled by China National Arts and Crafts Import and Export Corporation. Export licensing has also been adopted for another 21 commodities including leather work gloves, silks, ceramics and frozen prawns, he added.

In addition to 15 major national trading delegations, some local trading companies will also participate in the fair, Chen said. He expected attendance at the fair would be high this autumn as more invitations had been sent to foreign business people.

FOREIGN TRADE AND INVESTMENT

INTERNATIONAL ECONOMIC, TECHNOLOGICAL COOPERATION, TRADE TALKS

SK190725 Shijiazhuang HEBEI RIBAO in Chinese 3 Sep 85 p 1

[Excerpts] The 1985 Hebei provincial international economic and technological cooperation and export trade talks meeting was ceremoniously opened in Shijiazhuang City today. Zhang Shuguang, provincial governor and chairman of the organizing committee of the meeting, delivered a speech and cut the ribbon to mark the opening ceremony. Attending the opening ceremony were more than 1,500 Chinese and foreign guests, including Li Feng, Guo Zhi, Ye Liansong, and Song Shuhua, vice chairmen of the organizing committee of the meeting, and Hong Yi, vice governor.

At 0900, Li Feng, vice governor and vice chairman of the organizing committee of the meeting, declared the opening of the meeting amid the playing of lively music. Zhang Shuguang, governor and chairman of the organizing committee of the meeting, warmly welcomed all guests and comrades present at the meeting on behalf of the Hebei Provincial People's Government and the organizing committee of the meeting. He said: Over the past few years, we have held meetings and trade talks on several occasions in Beijing, Hong Kong, Shenzhen, and Shijiazhuang to review our economic and cooperative items and have achieved remarkable success. Hebei Province has a good geological position and rich natural resources. More than 700 traditional export commodities are being sold to some 120 countries and regions in the world. We welcome all friends and friendly personages from the various economic and trade circles from all over the world to come here for trade talks regularly.

This evening, the provincial government and the organizing committee held a cocktail party to mark the opening of the meeting. Vice Governor Li Feng proposed a toast amid a warmhearted atmosphere.

CSO: 4006/73

FOREIGN TRADE AND INVESTMENT

BRIEFS

ELECTRONIC PRODUCTS EXPORTS--Beijing, 30 Sep (XINHUA)--China has exported over 100 million U.S. dollars worth of electronic products this year, today's ECONOMIC DAILY reports. The paper quotes the China Electronics Import and Export Corp as saying that these products are in 90 categories. More sophisticated electronic instruments, systems and technology have taken the place of electronic parts and components for the export market, according to the corporation. The corporation is one of China's major foreign trade dealers specializing in electronics. It has imported more than 300 items of technology, including 167 for the state's key technical projects. /Text/ /Beijing XINHUA in English 0821 GMT 30 Sep 85/

BOOST IN TOURIST TRADE--Beijing, 21 Sep (XINHUA)--China hosted 8.9 million tourists from overseas, Hong Kong and Macao during the first half of this year, according to the National Tourism Administration. This represented a jump of 58 percent over the same period in 1984, an official said. The country has received a total of 38 million tourists over the past 4 years. The country has 500 hotels designed for foreign tourists, with 170,000 beds. There are also nearly 10,000 tourist buses. Many Sino-foreign joint hotel ventures are now in service. Many historical buildings and scenic sites have been renovated or opened since 1980. China joined the World Tourism Organization 2 years ago. "Meanwhile, internal tourism is also flourishing," the official said. More than 100 million Chinese--1/10th of the country's population--travelled last year. There was no travel service agency for domestic tourists until a few years ago. Now Shanghai alone has 40 such agencies. /Text/ /Beijing XINHUA in English 0850 GMT 21 Sep 85/

MINISTRIES ISSUE IMPORT INSPECTION REGULATIONS--Beijing, 27 Sep (XINHUA)--From next Tuesday, all imported household electrical appliances must be inspected by commodities-inspection departments before being offered for sale, it was announced here on Thursday. Components and spare parts must not be assembled before being inspected. These rulings are contained in the "provisional regulations on imported household-used electrical appliances," jointly drawn up by the Ministry of Foreign Economic Relations and Trade, the Ministry of Commerce and the State Administration for Import and Export Commodities Inspection, said an official of the latter. Appliances referred to in the regulations include TV sets, cassette recorders, hi-fi equipment, video recorders, refrigerators, washing machines, air conditioners and electrical fans and their spare and component parts. The regulations are aimed at safeguarding national economic rights and interests as well as consumers' interests and preventing certain foreign firms from dumping outdated and defective goods onto the Chinese market, said the

official. Imported electrical appliances for household use must be inspected by the inspection departments within time limits stipulated in contracts. People found trying to sell these goods without first having them inspected will be punished. /Text/ /Beijing XINHUA in English 1316 GMT 27 Sep 85/

PEOPLE'S DAILY COMPUTERIZED--PEOPLE'S DAILY in Peking, with a circulation of four million, is to be computerized with Swedish help. Currently, the Goteborg HTS firm (High-Technology Solutions Scandinavia AB) has five employees working with organizing a data-processing system for the approximately 8,000 Chinese characters, so they can be processed directly on a screen and in data bases. "The order is worth 50 million kronor, with the American [parent] HTS being responsible for the major portion of the components, including machines and graphic software, but this can lead to there being delays," said Jan Prytz, director of HTS Scandinavia. For example, this has happened in computerizing of the Chinese libraries. Presently, the PEOPLE'S DAILY is prepared "by hand." Hundreds of typesetters work in a giant composing room. The labor costs are low, but there are advantages to be gained from greater rapidity with the computerization. [Text] [Stockholm DAGENS NYHETER in Swedish 8 Oct 85 p 10]

GROWING EXPORT MARKET--China is Sweden's fastest growing export market. Figures from the Government Statistical Office show that since 1982, China has climbed up from 49th to 19th place among Sweden's largest export countries. Moreover, among OECD countries, Sweden's share of exports to China is increasing, even though it cannot match that of the United States, Japan, and other giants. It is above all exports of manufactured products that are increasing (by 201 percent between January and July of this year). Paper pulp and chemical products (fertilizers) also share heavily in Sweden's export trade to China. [Text] [Stockholm SVENSKA DAGBLADET in Swedish 27 Sep 85 p VI]

GUANGDONG POWER INVESTMENTS--Guangdong Province has invested 200 million Hong Kong dollars from Macao to expand the 200,000-kilowatt generator unit of the Shaoguan power plant and to install part of the transmission lines to supply electricity to Macao. The province has also utilized Hong Kong capital to build the (Shajiaobi) power plant with installed capacity of 700,000 kilowatts. Moreover, the province and the Hong Kong China Light and Power Company will jointly build a large nuclear power station. Last year, the provincial government decided to adopt a method whereby prefectural and city enterprises and companies raise funds to run power plants. Although the state reduced its investments in the power industry in our province this year, the funds raised for the power industry have greatly increased. Thus, the construction of key power projects in our province has been speeded up. [Summary] [Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 3 Oct 85]

CHINESE-GERMAN TRAINING CENTER--Stuttgart, 11 Sep (DPA)--Lotha Spaeth, the Baden-Wuerttemberg premier, together with Zhou Jiannan, the Chinese minister of machine-building industry, opened a Chinese-German vocational training center in Beijing on Wednesday. It is the first large-scale vocational training project in the PRC. Spaeth described the project, which was carried out jointly with the Chinese Ministry of Machine-Building Industry, as a pilot scheme. [Excerpt] [Hamburg DPA in German 0618 GMT 11 Sep 85 LD]

CSO: 4620/5

SPECIAL ECONOMIC ZONES

SPECIAL ECONOMIC ZONES INCREASE COMMODITY EXPORTS

OW281640 Beijing XINHUA in English 1605 GMT 28 Sep 85

/Article: "Roundup: Special Economic Zones Strive to Produce More Export Commodities"

/Text/ Beijing, 28 Sep (XINHUA)--China's four special economic zones--Shenzhen, Xiamen, Zhuhai and Shantou--exported 350 million U.S. dollars--worth of commodities in the first half of this year, a big increase over the previous year.

To build an export-oriented economy in these zones is a major target set by the central government.

After 5 years' construction, the four zones have made great progress in infrastructure facilities--roads and ecommunications, water and electricity supply systems, posts and telecommunications, industrial workshops, office and commercial buildings, hotels and tourist facilities.

They are now beginning to shift the focus of their work to import of advanced technology and construction of industrial enterprises. Scientific management. It mainly supports those enterprises that can export their products and earn hard currency, help those which have difficulties for the time being in exporting their products, and cut back on those that cannot sell their products on the international market.

To meet their targets, the four zones are making efforts to develop new products; Shenzhen alone developed more than 40 varieties of marketable products in the first 6 months of this year, and provided 128 million U.S. dollars worth of industrial goods for export. The percentage of export commodities in the total sales rose by more than 10 percent, compared with the corresponding period of the previous year.

The four special economic zones have also made headway in importing technology with foreign capital. They signed 406 contracts with overseas investors on economic cooperation projects in the first half of this year. Foreign partners invested 939 million U.S. dollars, of which 161 million U.S. dollars were used during the period, both large increases, compared with the same 1984 period.

Shenzhen signed 261 contracts with overseas firms on economic cooperation in the first half of this year, 81.6 percent of them being industrial projects.

The zones have also tied in with hinterland enterprises in their endeavor to develop export-oriented economies.

The China Electronic Materials Co organized a meeting in Shenzhen last May to discuss how to help factories in the zones export completely Chinese-made electronic products. More than 150 electronics factories from major cities throughout the country attended the meeting and promised to provide necessary electronic accessories at better quality to zonal enterprises. They signed contracts to provide more than 500,000 components and spare parts during the meeting.

The four zones have improved their economic efficiency and increased revenues. They reported 2,229 million yuan (rmb) in their industrial output in the first half of this year, a 142 percent increase over the same 1984 period, and 649 million yuan of local revenue, 80 percent up.

The four zones, however, are facing sharp competition on international markets. The investment environment must be further improved and more economic laws should be formulated.

CSO: 4020/29

BRIEFS

SHENZHEN EXPORTS DEVELOP--Industrial enterprises in the Shenzhen Special Economic Zone are now developing toward an export-oriented economy. According to statistics, the varieties of exports of enterprises in the zone, except for those in the Shekou industrial zone, increased from 70 last year to 320 this year. Some 132 enterprises have achieved a balance between foreign exchange earnings and expenditure. As a result of an increasing number of export-oriented enterprises in the Shenzhen Special Economic Zone, the zone has greatly increased its foreign exchange earnings. In the first half of this year alone, the foreign exchange [word indistinct] of the zone amounted to some U.S. \$146 million, equivalent to the sum of the foreign exchange earnings of 1984 and 1983. [Summary] [Guangzhou Guangdong Provincial service in Mandarin 1000 GMT 4 Oct 85]

CSO: 4006/73

LABOR AND WAGES

TECHNICAL PERSONNEL MADE TRADE UNION LEADERS IN BEIJING

Beijing GONGREN RIBAO in Chinese 14 Aug 85 p 3

[Report by Policy Research Office of Working Committee of Industry and Transportation under Beijing Municipal Federation of Trade Unions: "A New Break-through in Strengthening Trade Union Organization in the New Era: Report of an Investigation into Technical Personnel Being Promoted to Leading Posts of the Trade Union of Beijing Broadcast and Television Industrial Corp"]

[Text] Editor's Note: Since a large group of young cadres from enterprises under the Beijing Broadcast and Television Industrial Corp, who have good political standing and are committed to reform and blazing new trails, were promoted to leading posts of trade unions, they have actively taken part in their enterprises' important policy making, resolutely defended workers' legitimate rights and interests and thus made trade union work very lively and fruitful. This again demonstrates that establishing a contingent of cadres who can meet the requirements of the "four modernizations," who have the pioneering spirit, and are familiar with economics and proficient in the trade union profession, is the key to realizing reform and opening up a new situation.

How to consolidate and reorganize trade unions to make them meet the requirements of the new era is an important task facing trade unions of all levels. During the recent reorganization, some units actively probed into and made bold attempts at this task, and made breakthroughs in progress. In the Beijing Broadcast and Television Industrial Corp system, seven technical personnel have so far assumed leading posts in trade unions. During our investigation, we were happy to see that these technical personnel brought vitality and vigor to trade union work after they became leaders in the unions. Their outstanding characteristics are as follows:

1. Penetrating the realm of production management: Last November, engineer Zhang Zhenduo [1728 2182 6995], who was originally the leader of the production department of No 9 Radio Components Factory, became the factory's trade union chairman. After assuming the chairmanship, he accomplished two things: First, the "Research Association for Promoting Enterprise Technology Progress," whose main body was the trade union and whose members include technical personnel and

both young and old workers, was set up. Through production, management, innovation and transformation, practicing economy and tapping production potential as well as other channels, the research association solved two knotty and complicated problems in production and thus made contributions to the factory's goal of tapping 600,000 yuan worth of production potential in 1985. Second, grasping the weak link in raising economic results of the enterprise, he launched a campaign called "Fine Quality and Overfulfilling Production Target Competition" in February of this year, which brought the monthly output value to 2.074 million yuan and profits to 670,000 yuan, setting historic records. Trade union chairman Ye Yulong [0673 3768 7893] of Beijing Tape Recorder Factory is an engineer and was once workshop director, inspection department leader and party committee organization department leader and was relatively familiar with the factory's working links. After he became trade union chairman, in order to resolve the factory's problems of limited equipment and overly long repair times he started a competition campaign which included equipment maintenance and repair and rational utilization of equipment, program content and information for recording tapes, and product design and decoration, which enabled the factory to overfulfill its production quota by 17.85 percent, thus obtaining notable economic results.

2. Establishing the workers' status as masters: Dongfeng Television Factory's democratic management used to be the factory's weak link. After becoming trade union chairman, assistant engineer Guan Xizhang [7070 6932 4545] started with the factory's first workers' representatives conference after the factory director responsibility system was introduced. She listened to a wide range of opinions from all sides and determined that the conference should place its emphasis on examining the factory's important enterprise policies, with improving economic results as the central issue. During the conference, she stayed late at night and sorted out 188 opinions and suggestions from 14 books of notes taken at the conference, among which 120 were about enterprise production management and only 19 about workers' welfare. These opinions and suggestions made the factory director feel the broad workers' strong sense of responsibility as masters. He immediately revised his report in accordance with the workers' representatives' suggestions. Guan Xizhang also helped the factory director on her own initiative in a recent pay raise for 3 percent of the workers to conscientiously handle well the six links: the factory director put forward the program; the workers' representatives conference examined and approved it; grassroots party, administrative and workers organizations put forward a recommended namelist after having listened to the workers' representatives' opinions; the factory director and labor and wage department consulted with each other; the standing presidium appraised the candidates through discussion and finally the factory director made the decision. In doing so, the working masses' wishes were reflected and at the same time the factory director's authority was maintained, and thus the workers' representatives conference's democratic power in participating in important enterprise policy was relatively well exercised.

3. Add vitality to trade union work: After becoming trade union leaders, technical personnel actively worked for the workers' interests and suggested ways and means for revitalizing enterprises. Since becoming trade union

chairman of the No 1 Radio Components Factory 5 months ago, and especially since attending the working conference on democratic management of enterprises and the mass production conference convened by the municipal federation of trade unions, assistant engineer Hou Yu [0186 1342] has developed a clearer understanding of the nature, status, role and task of trade unions in the new era and realized that trade union work also has ample scope for one's abilities. This year, the factory introduced a metal-membrane resistor production line from the Tama Corp of Japan. Hou tried every way to become an "insider," and used a large amount of spare time to study Japanese and attend training classes. He also drafted "Suggestions for Trade Union Work with Regard to Metal-membrane Resistor Production Line," which attracted the factory leadership's attention and won favorable comment from them, and thus made necessary preparations for the trade union to promote enterprise technological progress. Since becoming trade union chairman of Television Equipment Factory in April of this year, 33-year-old assistant engineer Tian Shuzhi [3944 3219 2535] actively spoke and worked for the workers and defended their legitimate rights and interests. For a period of time not long ago, the workers had strong criticism of the factory's canteen for the declining quality, small portions, and comparatively high prices of the food it served. Tian organized trade union cadres to go to the canteen to make an investigation and wrote a rather convincing investigation report, which brought the problem to the factory leadership's attention, and the problem was solved very quickly. She also made great efforts to promote abundant recreational and sports activities in accordance with the workers' interest, which were hailed by the workers.

12974

CSO: 4006/936

LABOR AND WAGES

BRIEFS

JORDANIAN TRADE UNION DELEGATION--Beijing, 6 Oct (XINHUA)--Vice President of the All-China Federation of Trade Unions Luo Gan met and gave a dinner for a delegation from the General Federation of Jordanian Trade Unions here this evening. Led by General Secretary M. A. Samir, the delegation arrived here today on a friendly visit to China. Luo Gan and the Jordanian visitors exchanged views on furthering the friendly ties between the workers and trade unions of the two countries. /Text/ /Beijing XINHUA in English 1626 GMT 6 Oct 85/

CSO: 4020/25

TRANSPORTATION

RECONSTRUCTION OF QINGHAI-XIZANG HIGHWAY COMPLETED

Beijing JINGJI RIBAO in Chinese 17 Aug 85 p 1

Article by Xu Haifan [1776 3189 1581]: "The Highest and the Longest: Ten Thousand People Take Part and One Hundred Give Their Lives for Reconstruction of the Qinghai-Xizang Highway"]

[Text] On the eve of the 20th anniversary of the founding of Xizang Autonomous Region, the reconstruction of the entire line of the Qinghai-Xizang Highway, which runs 1,937 kilometers from Xining to Lhasa, was completed in mid-August and has been checked and accepted by the government. The entire length of the rebuilt highway is surfaced with asphalt and basically reached the standard of state second-grade highway as required by the design plan. Convoys of trucks fully loaded with materials going to Xizang can now travel the smooth highway with safety, comfort and speed. It takes only 5 days to cover the distance that originally required 9 days. The whole line's traffic volume jumped 600 percent.

The Qinghai-Xizang Highway, first built in the early period of the People's Republic, winds about the Qinghai-Xizang Plateau, which has an average elevation of 4,000 meters. It is the world's highest and longest highway and carries 80 percent of all materials going to Xizang. In order to thoroughly improve the highway's travelling conditions, the government decided in 1974 to rebuild the highway and continuously invested more than 800 million yuan in the project. More than 25,000 engineering troops and workers went to the roof of the world to participate in the reconstruction project, which was of the largest scale and had the worst construction conditions in China's highway-building history. In the course of the 12-year-long continuous construction, more than one hundred People's Liberation Army soldiers and workers died, paving the road to happiness with their young lives. At the ceremony marking the government's inspection and acceptance of the completed project in Lhasa on 26 August, the state inspection and acceptance committee awarded merit banners and certificates to the First Traffic Brigade of Armed Police, the Highway and Bridge Corp of Qinghai Province, the Highway Administration Bureau of Xizang Autonomous Region and the First Prospecting and Design Institute of the Ministry of Communications, which all made significant contributions to the project. The rebuilt Qinghai-Xizang Highway has shown social and economic results. According to the statistics of departments concerned on the basis of test operation, vehicles travelling the 1,100-kilometer leg of road between Golmud and Lhasa reduced their turnover period by 45 percent and their fuel consumption by 10 percent. As much as 50 million yuan in transportation costs can be saved yearly by vehicles going to Xizang.

PUBLICATION

JPRS-CEA-85-095
30 October 1985

BRIEFS

MONGOLIAN HISTORY ANNUAL--Hohhot, 8 Oct (XINHUA)--The first issue of an annual magazine, STUDY OF MONGOLIAN HISTORY, to be sold in China and abroad, has been published, a local historian said here today. The first edition, published by the China Mongolian History Society, contains 13 academic papers by Chinese, Japanese, and Federal German historians, in addition to five papers of historical materials. About 100 papers and books on Mongolian history have been published annually in China over the past 7 years. Some works by foreign scholars have been translated and published in Chinese. /Text/ /Beijing XINHUA in English 1224 GMT 8 Oct 85/

CSO: 4020/25

AUTHOR: SUN Huixin [1327 1920 9515]

ORG: World Economics Institute, Shanghai Academy of Social Sciences

TITLE: "India's Banking System and Financial Management"

SOURCE: Beijing SHIJIE JINJI [WORLD ECONOMY] In Chinese No. 7, 10 Jul 85 pp 35-40

ABSTRACT: Generally, India's banks can be divided into three levels: the India Reserve Bank, commercial banks, and small local banks. The India Reserve Bank is the nation's central bank, which issues the paper currency, rupee, and holds India's largest portion of foreign exchange reserves, including gold and foreign-currency designated securities. The rupee's foreign exchange rate is fixed with a basket of foreign currencies, including the British pound, U.S. dollar, French franc, Japanese yen, Deutsche mark, and South African rand. As the government's bank, the India Reserve Bank accepts and disburses public funds, issues and manages government bonds, and provides overdrafts and loans (due within 90 days) to union and state governments. All listed banks (over one-half million rupees of capital and reserve) are required to deposit 5 to 20 percent of their demand deposits and 2 to 8 percent of fixed deposits in the India Reserve Bank, which will support any of these banks in times of difficulty. Following the nationalization of banks in 1960, the number of banks rose to 205 (in 1972) with more than 39,500 branches, compared to 89 banks with 8,254 branches before nationalization. The increase is in the category of commercial banks and small local banks, which include individuals operating a bank business as a sideline to supplement their main business such as merchandising. In financial management, the India Reserve Bank acts by setting bank rate of rediscount, net ratio of liquid assets, selective credit loan control, and moving in and out of the open market, in addition to issuing the national currency, the rupee. These bank activities aim at providing funds to agriculture, industry and other medium and small enterprises. However, further development of rural credit loans to eliminate loan sharking is still an important topic for accelerating rural economic growth. This problem is widespread in very many developing countries.

10424

CSO: 4011/37

TAIWAN

VICE ECONOMICS MINISTER ON U.S. TRADE PROTECTION

OW040423 Taipei CNA in English 0319 GMT 4 Oct 85

[Text] Taipei, 3 Oct (CNA)--Vice Economics Minister Wang Chien-hsuan said Thursday that there are already some 300 trade protectionist bills before the U.S. Congress. The situation is quite harmful not only for the United States itself but also for all other nations in the world.

Wang said if the U.S. raises protection measures against foreign products, retaliatory actions will very probably be taken by other nations, thus, creating a worldwide trade war.

Facing the situation, he said, the ROC [Republic of China] should, in the short term, use wisdom in tryint to reach understanding with the U.S. Government, and in the long term, to diversify the nation's markets.

Wang pointed out that to reach an understanding with U.S. Government, the ROC Government should adopt some positive measures, including lowering tariffs and sending more purchasing missions to the United States.

Wang will leave Taipei 5 Octover heading a ROC delegation to the United States to attend the Sino-American trade consultative conference to be held in Washington, D. C. Wang is to replace V. C. Sieu, director general of the Board of Foreign Trade, who is sick and is not able to head the delegation.

Wang said the ROC side was full of sincerity to talk with its American counterparts to swlve trade problems between the two nations.

CSO: 4020/24

TAIWAN

SEPTEMBER FOREIGN TRADE FIGURES UP OVER 1984

OW091021 Taipei CNA in English 0953 GMT 9 Oct 85

[Text] Taipei, 9 Oct (CNA)--Foreign trade in September totaled U.S. \$4.03 billion, up U.S.\$34.3 million or 0.9 percent from the corresponding month in 1984.

Statistics released by the Directorate General of Budget, Accounting and Statistics showed that the nation's exports last month were valued at U.S.\$2.55 billion, increasing by U.S.\$142 million or 5.9 percent from the previous year.

An official of the directorate general said that the 5.9 percent export growth in September was the first positive growth after five successive declines over the past five months.

Imports in September were worth U.S.\$1.48 billion, dipping by U.S.\$107.7 million or 6.8 percent compared with the same month a year ago.

Total transactions in the first nine months this year topped U.S.\$37.92 billion, yielding a surplus of U.S.\$7.80 billion, according to the statistics compiled by the directorate general.

During the January-September period this year, exports amounted to U.S.\$22.86 billion, down U.S.\$127.4 million or 0.6 percent over the corresponding period in 1984.

Imports in the link months stood at U.S.\$15.06 billion, dipping by U.S.\$1.30 billion or 8 percent from a year-earlier level.

In September alone, exports with Japan hit U.S.\$282.5 million, up U.S.\$32.1 million or 12.8 percent, while imports reached U.S.\$388.7 million decreasing U.S.\$83.3 million or 17.6 percent.

CSO: 4020/24

TAIWAN

BRIEFS

U.S. TEXTILE QUOTA BILL--Hsiao Wan-chang, director general of the Board of Foreign Trade said, the Republic of China's textile industry will suffer a crippling blow if the United States Congress passes the textile quota bill. The Republic of China [ROC], the biggest textile supplier of the United States, will lose \$1 billion in exports and some 70,000 to 80,000 jobs a year. Once the proposed bill becomes U.S. law, textile exports from the Republic of China will be slashed by as much as 41 percent per annum. Hsiao reported, the Republic of China Government is holding consultations with Washington through all possible channels to head off the blow, which he says could be fatal to the ROC textile industry. According to the proposed textile amendment which passes its first test in the U.S. Senate 3 October, imports from the ROC would be cut by 39.7 percent in fiscal 1985, 41.8 percent in fiscal 1986, and 43.9 percent in fiscal 1987. [Text] [Taipei International Service in English 0200 GMT 5 Oct 85]

TAIWAN-U.S. TRADE TALKS--Washington, 7 Oct (CNA)--The three-day ROC [Republic of China]-U.S. trade consultative meeting opened in Washington, D.C. Monday. Vice Economic Minister Wang Chien-shun leads the Chinese Delegation to the meeting that is sponsored by the Taipei-based Coordination Council for North American Affairs [CCNAA] and the Washington-based American Institute in Taiwan. Delegates will discuss trade issues between the two countries. They held first meeting on tariff and finance problems in the afternoon. Neither delegations revealed discussion results. Wang, accompanied by Benjamin Liu, director of the CCNAA Economic Affairs Division, paid a courtesy call on AIT Chairman David Ean Monday. Dr Frederick C. Chien, CCNAA representative in D. C., hosted a dinner party to welcome the Chinese delegation. Under the pressure of growing protectionism in the United States, Wang said, this meeting is important to the future trade relations between the two countries. [Text] [Taipei CNA in English 0953 GMT 8 Oct 85]

LOWER ECONOMIC GROWTH--Taipei, 8 Oct (CNA)--Economics Minister Lee Ta-hai predicted Monday economic growth in the Republic of China this year will plunge to 5 percent, way below the originally targeted 8.5 percent. Reporting on the nation's economic situation at the Kuomintang's weekly Sun Tat-sen memorial meeting, Lee said last year's high 10.9

percent growth has been steadily declining since the beginning of 1985. The growth rate was 6.18 percent in the first quarter, 4.33 percent in the second quarter and an estimated 4.14 percent in the third quarter. Lee attributed the lackluster economic performance this year to a slowdown of the world economy, shrinkage of international trade and sluggishness of investment in the private sector. [Text] [Taipei CNA in English 0934 GMT 8 Oct 85]

CSO: 4020/24

HONG KONG MEDIA ON CHINA

YANBIAN IMPLEMENTS OPEN DOOR POLICY

Hong Kong TA KUNG PAO in Chinese 10 Sep 85 p 2

[Article by Jiang Guoyuan [1203 0948 0337]] "Yanbian Implements Open Door Policy"]

[Text] After a 6-hour car ride from Changbai Mountain, we finally arrived in Yanji, capital of the Yanbian Chaoxian Autonomous Prefecture.

We were a little disappointed upon our arrival in Yanji, for we had expected to see young girls wearing their traditional Korean costumes, but none was to be seen. Although most of the girls do have traditional costumes, it is not convenient to go to work wearing loose fitting dresses with wide sleeves. That is why such dresses are seldom worn except on holidays. On Sunday, however, we did see a number of young girls in the streets wearing colorful traditional costumes.

Prefecture Given Municipal-Level Autonomous Powers

China is a nation made up mostly of the Han nationality. Yanbian, however, presents a different picture. In Yanbian, people belonging to the Korean nationality make up 45.3 percent of the total population of 1.92 million, close to the percentage of people of the Han nationality.

In an interview with reporters from Hong Kong and Macao in April, Huang Zailin [7806 6528 2651], elected mayor of the prefecture, stated that Yanbian had been granted municipal-level autonomous powers by the province, that, in line with the open door policy, Yanbian also welcomed investments by foreign businessmen in the establishment of factories, joint ventures and the tourist trade, and that the autonomous prefecture had the authority to approve investment projects not exceeding \$5 million.

Showing reporters the blueprint for construction projects in Yanbian, Huang Zailin stated that the policy of Yanbian was based on "the four footholds," "the three external relations" and the "eight developments." By "the four footholds" is meant reliance on the abundant local natural resources, self-reliance, the development of the collective economy, and the adoption of reforms. By "the three external relations" is meant opening up to areas outside the prefecture, the province, and foreign countries. By "the eight developments"

is meant the intensive development of forests, energy resources, food, medicine, the petrochemical industry, construction materials, tourism and doubling the production quota by 1990 and quadrupling it by 1995.

The mainstay of Yanbian is agriculture, although conditions are also favorable for the tourist trade.

Warmth and Hospitality of the People

As for the tourist trade, Changbai Mountain in the prefecture is the highest mountain in the northeast. It is not only a world covered with a blanket of white snow, but also a classroom for the study of nature seldom equalled anywhere in the world. It is here that the different levels of natural living things can be seen. The mountain also abounds in hot springs. If advantage is taken of such outstanding natural conditions, it is possible to create considerable tourist interest.

Although we spent only about 3 days in Yanbian, we were deeply impressed by the warmth and hospitality of the people who are generally of a high cultural standard and well versed in singing and dancing. Visitors to Yanbian have the feeling of being wafted by a spring breeze. Although the conditions of the guesthouse in which we stayed were not all that they could be, the spirit of service shown by the attendants left an indelible impression.

Yanbian is not only a city with an ancient tradition, but also one brimming with vitality. It might be a good idea to pay a visit to Yanbian during the Spring Festival.

9621

CSO: 4006/953

HONG KONG MEDIA ON CHINA

PRC INCREASES NUMBER OF GUARANTORS FOR FOREIGN LOANS

HK300620 Hong Kong SOUTH CHINA MORNING POST (BUSINESS NEWS Supplement) in English 30 Sep 85 p 1

/Article by Paul Sham/

/Text/ The number of financial institutions authorized to act as guarantors for foreign loans in China has been increased from 23 to 33, according to an official of the Shenzhen office of the State Administration of Foreign Exchange Control (SAFE).

The official, who declined to be named, said their number will be increased further if needed.

"To facilitate and encourage more foreign investment in the country, the government intends to have at least one authorized guarantor in each province, autonomous region and major city," the official told BUSINESS NEWS.

Most of the authorized institutions are located in the coastal cities open to foreign investment.

They include the Bank of China and its branches, China International Trust and Investment Corp and branch offices of the four foreign banks in Shanghai.

He said the government is trying to ensure that all guarantors have enough foreign exchange backing.

Other financial institutions and companies can also act as guarantors with the approval of the Administration of Foreign Exchange Control on a case by case basis.

"As more and more financial institutions increase their foreign exchange earnings, they will be authorized to act as guarantors," the official said.

He suggested foreign banks opening branches in the four special economic zones may also apply for permission to the Administration of Foreign Exchange Control to render guarantee services.

Although viewing the increase in the number of authorized guarantors as a positive sign, foreign bankers doing business with China have another worry.

"It is true we have more choice now," said one banker, who wished to remain anonymous. "Our problem is we are in no position to know how much guarantee they (the guarantors) can offer."

The extent of guarantees the authorized institutions can offer differs and any information on the matter is treated as "internal matter."

"That means we can only extend loans on the assumption that if the amount is beyond the guarantor's limit, it will be rejected by the foreign exchange control office," the banker said.

He said officials of authorized institutions may be tempted to resort to favoritism, thereby overextending themselves.

"Caution is still the key word in this business," said the banker.

The project finance manager of Standard Chartered Asia Ltd, Mr Wilson Chung, said what should count is the project itself.

"Even with the best guarantors with the best financial backing, lenders will lose in some way if the financed /word indistinct/ fails to survive," he said.

CSO: 4020/28

HONG KONG MEDIA ON CHINA

MACAO, PRC TO ESTABLISH INDUSTRIAL JOINT VENTURE

HK090622 Hong Kong SOUTH CHINA MORNING POST (BUSINESS NEWS supplement)
in English 9 Oct 85 p 5

[Article by Paul Sham]

[Text] Bolsover Shipping Co of Macao has set up a joint venture company with two Chinese partners to manufacture and export fire extinguishers.

The new firm, Huzhu, Fire Extinguisher Instrument Industrial Co, in Zhuhai will have an annual production capacity of 100,000 fire extinguishers, half of which will be for export.

The two Chinese partners are Shanghai Corp of Firefighting Apparatus Industry and the Zhuhai authorities.

Huzhu official Hoi Chi-leong said the fire extinguishers will be manufactured in Shanghai while the filling of chemicals will be done in Zhuhai from where the products will be shipped abroad, he said.

Fire extinguishers weighing two and four kilograms each will be manufactured.

Willowdale Trade Co. Ltd of Hong Kong, the company's sole agent in the territory, will also take charge of sales in Middle East and Southeast Asian countries.

Bolsover Shipping will put \$420,000 and the Chinese partners 400,000 renminbi into the firm.

He said the market potential in Zhuhai and nearby cities in Guangdong is big enough to absorb the plant's capacity, but exports will bring in much needed foreign exchange.

Mr. Hoi expects to recoup the investment [word indistinct] years.

He said the co-operation agreement is for a period of five years and can be renewed through consultation among the three partners after its expiry.

Zhong Weimin, the general manager of the Shanghai Corp of Firefighting Apparatus Industry, said he hopes to shift production of export-bound equipment by his company to the new plant in Zhuhai within two years.

The operation in Shanghai will then only cater to demand from the province, he added.

Apart from handling export business, Mr Zhong said Huzhu will act as a middleman to introduce foreign technology to China's firefighting industry.

"China is inefficient in automatic alarm systems and such electronic devices as closed circuit television," he said.

In light of the growing number of new hotels and airports in the country, Mr Zhong said the need to seek technology transfer from abroad is urgent.

Currently the Shanghai company is negotiating with firms from the U.S., West Germany and Japan to import technology for the manufacture of modern firefighting equipment.

CSO: 4020/23

HONG KONG MEDIA ON CHINA

EXPORTS COMMITTEE SPEEDS UP LICENSING FOR HIGH-TECH GOODS TO PRC

HK090922 Hong Kong SOUTH CHINA MORNING POST (BUSINESS NEWS Supplement) in English 9 Sep 85 pp 1, 3

/Article by Peter Robinson/

/Text/ Although the Coordinating Committee for Multilateral Export Controls (COCOM) has speeded up its licensing process for high-technology exports into China, prospects of Beijing being exempted still seem far away.

This view was expressed by Mr Neil McMullan, vice president of Asia Pacific operations of Prime Computer Inc.

Sydney-based Mr McMullan was in Hong Kong last week to visit Prime's subsidiary which opened in March last year.

In an interview with BUSINESS NEWS, Mr McMullan said: "There has been a definite reduction in how long it takes to get a license for exports into China.

"I am not aware of any of our license applications being turned down, but it has always been a question of how long it takes for Washington to consider the applications and then get COCOM approval.

"Whereas it has taken 9 months to get through that process, there are strong indications the United States and COCOM are working to speed up the process.

"In the past couple of months we have suddenly got licenses that seemed to be dragging. The attitude seems to have changed."

COCOM was formed in 1949 to control the export of technology and strategic commodities from capitalist countries to communist or social countries.

Recently, many leading technology companies have questioned the need to continue to view China with such caution.

China's restrictions on foreign exchange are continuing to slow some projects down, according to Mr McMullan.

He said: "My impression is that some projects are having to be reviewed again because of the regulations which can slow projects down for 3 to 6 months.

"I am not aware of losing any projects because we have chosen areas which are consistent with the development of China's infrastructure and these are continuing, carefully but steadily."

Prime, which specializes in general purpose superminicomputers, recently set up a liaison office in Beijing "so that we have people on the spot, aware of what is coming for tender," Mr McMullan said.

The office is in the process of finalizing an agreement with the China Computer Technical Services Corp for the serving of Prime's computer products throughout China.

It has also just won a \$400,000 contract from Nineteenth Metal in Shanghai to provide project management hardware and software

Last month Prime signed a US\$500,000 contract to provide a computer system in Wuhan to help China's railway ministry upgrade its network.

Mr McMullan claimed Prime is doubling revenues in the Asia region each year.

In Hong Kong Prime is finding the financial services sector its most buoyant market, followed by computer-aided design and manufacturing.

A market the company is keen to develop is educational systems.

Mr McMullan said since Prime was represented by a distributor here until last year it had not been able to develop this market and was more involved in the education market in China.

Last month Prime set up a procurement office in Hong Kong.

CSO: 4020/28

HONG KONG MEDIA ON CHINA

NOW MINISCULE, COAL EXPORTS COULD TAKE A QUANTUM LEAP

Hong Kong JINGJI DAOBAO [ECONOMIC REPORTER] in Chinese No 33, 19 Aug 85 pp 19-20

[Article by Zhao Wei [6392 0251]: "China Has Tremendous Potential as a Coal Exporter"]

[Text] In the wake of coal production developments and the open door policy, Chinese coal exports have been increasing year after year, from 3.12 million tons in 1978 to 6.97 billion tons in 1984, a 100 percent jump in 6 years. Our planned export this year represents a 5 percent increase over 1984. It is estimated that Chinese coal exports will continue to expand in the next 5 years and will probably exceed the present total several times by 1990.

Conditions Favorable to Coal Export

Many circumstances favor China as a coal exporter. The country is well endowed with coal deposits. Its proven coal reserves of more than 770 billion tons are the third largest in the world and it is the world's second largest coal producer. Moreover, Chinese coal comes in a multitude of types and grades, including Datong's [motive power] coal, Kailuan's coking coal, and Ningxia's "Taixi coal," (a high-grade anthracite,) all of them traditional exports which are popular among overseas customers. Second, China's competitiveness is enhanced by its proximity to countries in Asia and the Pacific region. Last year, about 55 percent of Chinese coal exports were shipped to Japan, 14 percent went to Hong Kong, Singapore, Malaysia and the Philippines and 28 percent were bought by Korea. Some was also exported to Europe. When Hong Kong or Japan buys coal from China instead of from Australia, the United States, Canada or South Africa, it can make considerable savings in freight as the distance over which the coal has to be shipped is reduced by anything from 2,600 to 5,700 nautical miles. Also, China is free from strikes and production stoppages and can therefore guarantee stable supplies. In recent years China has been able to honor 80 to 90 percent of its coal sale contracts, a very high rate.

Although the volume of China's coal exports has been rising each year, it remains quite small in absolute terms and pales in comparison with the exports of such major coal exporting nations as the United States, South Africa, Poland and Canada. At present, our coal export amounts to less than 1 percent

of domestic output and makes up just 2.3 percent of total world trade in coal. In fact, mainland coal accounted for only 15.6 percent of the coal imported by Hong Kong last year. This shows that China has immense potential as a coal exporter. Last year China earned \$290 million in foreign exchange by exporting coal, so the expansion of coal exports is a major way to earn more foreign exchange.

A primary factor affecting coal export expansion in the past was the failure of coal production to keep up with domestic economic demand. Widespread coal shortages at home effectively put a lid on any substantial increase in coal exports. As a result of increased state investments in the coal industry over the past few years and the adoption of the principle of "the state, the collective and the individual doing well together," the coal industry has made greater progress, fulfilling the planned annual target of 700 million tons under the "Sixth 5-Year Plan" in 1983, 2 years ahead of schedule. According to the latest statistics, coal output in 1984 exceeded 789 million tons, up 10.5 percent over 1983. During the first half of 1985, coal output reached 414 million tons, an increase of 11.8 percent over the same period in 1984. Domestic coal shortages have also eased. The "Seventh 5-Year Plan" tentatively calls for an average annual increase of 30 million to 40 million tons for the next 5 years, an increase more than double that under the "Sixth 5-Year Plan." This way we can both ensure domestic energy supplies and provide a resource for export expansion.

Transportation Must Be Improved

Transportation was another factor which has held down coal exports in the past. Previously, coal haulage relied mainly on railroads. In fact, coal makes up about 40 percent of the volume of rail freight nationwide and more than 60 percent in coal-rich Shanxi. Because of limited rail carrying capacity, coal piles up in places like Shanxi where tens of millions of tons of coal are stranded each year. In addition, ports which handle coal exports also suffer from a lack of loading capacity.

The Chinese government has identified energy and transportation as the major focuses of national economic development in the next 5 years. Railroad development will emphasize increasing Shanxi's capacity to move coal out of the province because Shanxi produces and exports the largest amount of coal in the nation. Its output last year was 187 million tons, or 23.7 of the national total; with approximately 110 million tons shipped out of the province, it contributed 44 percent of all Chinese coal exports. The present coal-carrying capacity of our railroads and highways is only 108 million tons, even when they are working at full capacity. To increase our coal-carrying capacity, six railroads in Shanxi are being modernized. Railroads linking Datong and Beijing, Shijiazhuang and Yangquan, and Chengzhi and Jincheng either have been electrified or are in the process of being so modified. Also under construction at the moment is a new, double-track and electrified railroad to run between Datong and Qinhuangdao with a coal carrying capacity of 55 million tons upon the completion of the first phase. The modernization of existing railroads and highways and the construction of two new railroads should increase the capacity to transport coal out of Shanxi by 150 percent by 1990, thereby meeting the basic needs of coal exports.

Major ports handling coal exports, namely those at Qinhuangdao, Lianyungang, and Qingdao, are all expanding their coal piers or building new ones. The coal pier at Qinhuangdao is currently one of the nation's key construction projects. Stage 1 of the project was completed and put into service in 1983 and stage 2 became operational last July. The pier can now handle 50 million tons of coal annually. Upon the completion in 1988 of stage 3, which began this year, its annual capacity will increase by 30 million tons.

Another large coal pier scheduled for completion this year can be found at the port of Shijiusuo in southeastern Shandong. The Shijiusuo port will be responsible for the outbound shipment of coal produced in such provinces as Shandong, Shanxi, and Anhui. It has an annual coal loading capacity of 15 million tons and can accommodate 100,000-ton ships.

Concurrently, China is going all out to develop inland coal transportation and is now building coal piers at Zhicheng and Wuhan along the Chang Jiang and two deep-water berths in Nantong, Jiangsu which can accommodate 100,000-ton ships. Coal shipped from the upper and middle reaches of the Chang Jiang will be loaded onto outbound vessels at these facilities. Coal piers will also be built at Gui Xian, Guangxi in southern China to handle the loading and shipment of Guizhou-produced coal to Hong Kong and Guangdong via the Xi Jiang. In addition, China is buying heavy-duty trucks to develop coal transportation by land and plans are afoot to build coal slurry pipelines. China is resorting to a variety of transportation methods to improve coal haulage.

The Construction of Coal Export Bases

The Datong coal mine in northern Shanxi and other local mines in Yanbei Prefecture (including mines operated by the province, municipalities, counties, rural and small town collectives, as well as small mines run by individuals) are currently the main source of motive power coal exports. Coal produced in this part of the nation is collectively known as "Datong coal." With an average ash content of about 10 percent, sulfur content of below 1 percent and a calorific capacity of at least 7,500 Kcal per kg, "Datong coal" is a high-grade dynamic coal and also ideal for gasification. This region exported 2.98 million tons of coal last year, 42.8 percent of total national coal exports. Of all Chinese coal exports to Hong Kong, 97 percent is "Datong coal." This mining region is expected to develop fairly rapidly in the next 5 years when the Datong coal mine's annual output will exceed 35 million tons, up from 29 million tons last year, and the output of local mines will also increase from the present level of 18 millions to 40 million tons. As output increases, so will exports.

Coking coal mainly comes from such mines as Kailuan, Zaozhuang, Huaibei, Fushun, Hegang, and Shuangyashan. With annual exports of 1.5 million tons, the Kailuan mines constitute China's largest coking coal producing center at the moment. As existing pits are modernized and expanded and two new pits put into service, annual output at Kailuan will increase from last year's 16 million tons to 26 million tons over the next 5 years.

Anthracite is primarily produced in such mines as Yangquan, Jincheng, Jingxi, Rujigou, and Gulaben. A high-grade anthracite, "Taixi coal," mined at Rujigou

in Ningxia, has established itself in the Western European market. With modernization, this mine has increased its annual production capacity from 600,000 tons to 900,000 tons, with possible increases in both output and exports. The Yangquan coal mine in Shanxi currently accounts for the largest share of China's anthracite exports and is expected to produce 15 million tons in 1990, up from the present level of 13 million tons.

Apart from the above existing coal mines, two large coal centers will be built in the coming 5 years to produce coal for the foreign market. One of them will be the Yanzhou coal mine in Shandong, where four pits have been completed and three more are under construction. As these pits become successively operational in the years before 1990, the Yanzhou mine will develop into a key mining center capable of producing 12.85 million tons of coal annually. It is situated near and is linked by rail to Shijiusuo (about 300 km away,) so coal transportation is fairly convenient. The other is the Pingshuo coal mine in Shanxi. The Antaibao No 1 open pit here is currently the largest Chinese-United States joint venture. Construction formally began last July and production is scheduled for 1987. Projections call for an output of 15 million tons as early as 1988. Over half of the high-grade motive power coal produced here will be exported.

Looking ahead, it appears that both the Jungar mining area in the Nei Mongol Autonomous Region and the Shenmu mining area in Shanxi will become vital coal export centers. The planned annual production capacity of the Heidaigou open pit in the Jungar mining area is 25 million tons, and the government has decided to finance its construction with energy loans from the Japanese government. A new mining area which has yet to be developed, the Shenmu area is richly endowed with high-grade coal deposits (87.7 billion tons of proven reserves). (Their average ash content is only 6 to 9 percent, sulfur content 0.2 to 0.8 percent, and calorific capacity 7000 Kcal per kg. Moreover, a substantial part of the ash content is calcium oxide which helps to further reduce the amount of sulfur released into the atmosphere when the coal is burned and prevent pollution.) According to the "conceptual comprehensive plan" jointly commissioned by the China Coal Development Co and the Universal Tanker Co and developed by Bechtel Civil Engineering and Minerals Inc of the United States, there are 12.4 billion tons in proven reserves within an area of 1,200 sq km. The plan envisages a mining area with three open pits and two mines capable of producing 50 million tons annually. The plan report suggests that this mining area should be highly competitive in the international market as it is blessed with the world's finest dynamic coal and has low production costs. China plans to build a new railway here to speed up its development.

Guizhou Province will also speed up its coal exports in the future as the existing Liupenshui mine is modernized and expanded and local mines become operational.

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HONG KONG MEDIA ON CHINA

PRC PAPER CRITICIZES PROVINCES FOR BUYING LUXURIES

HK091008 Hong Kong AFP in English 0602 GMT 8 Oct 85

[Text] Beijing, 8 Oct (AFP)--The Chinese press today criticized some provincial authorities for buying unnecessary luxury goods such as cars, color televisions, tape-recorders and air-conditioners.

CHINA DAILY said that in the first six months of the year, overall civil service purchases rose 36 percent against the same period last year.

The luxuries problem was most serious in the provinces of Anhui in the east and Sichuan in the southwest, it said quoting the economic daily, JINGJI RIBAO.

In the first seven months of this year, work units in Anhui had spent 454 million yuan (150 million dollars), a rise of 31 percent over the previous year, the daily said.

Among the "unjustified" purchases were 978 cars worth more than 41 million yuan (13.6 million dollars), color televisions, tape-recorders, photocopiers and air-conditioners.

In Sichuan in the same period, administrative spending rose 33 percent, partly because of the purchase of 3,300 cars for 180 million yuan (60 million dollars).

JINGJI RIBAO said that though most of the outlays were justified, some cash had been "spent foolishly" on prestige goods, blow-outs in hotels and restaurants and travelling.

"Parading of wealth should not be tolerated," said JINGJI RIBAO, adding that the unnecessary purchases undermined government efforts to control consumer spending. China's leaders are concerned that not enough investment is being made as a result.

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HONG KONG MEDIA ON CHINA

NEW AIRLINE TO BE SET UP IN SOUTHERN CHINA

HK050820 Hong Kong SOUTH CHINA MORNING POST in English 5 Oct 85 p 9

[Text] The Civil Aviation Administration of China in Guangzhou is to be reorganized, separating its airline operations from its government civil aviation policymaking and administration activities.

With the reorganization, government civil aviation administration in the southern region encompassing Guangdong, Guangxi, Hunan, Hubei and Henan provinces will be controlled by the CAAC headquarters in Beijing instead of by CAAC Guangzhou as at present.

And a new airline, which will be one of the biggest of several new airlines being set up in China, will be formed to take over CAAC's airline operations in the southern region.

To be called Southern Airlines, it will operate domestic services and some international routes franchised to it by CAAC.

This is revealed in GUANGZHOU CIVIL AVIATION NEWS, a monthly inflight publication for CAAC passengers that was launched last month.

In an article in the first issue, CAAC Guangzhou's chief director, Mr Yu Yenan, said CAAC Guangzhou is expected to flourish in line with the development of the national economy.

He said the planned split of government civil aviation policy making and administration from the commercial airline operations "is the only way" to take full advantage of the opportunities offered.

CAAC Guangzhou is well placed geographically to benefit from the economic growth, Mr Yu said, noting that major developments are already under way for the airline.

CAAC Guangzhou now operates 53 routes to 33 Chinese cities, Hong Kong and other cities in Southeast Asia.

Guangzhou airport is China's biggest and busiest, handling 59 million passengers last year.

CAAC Guangzhou's original fleet of Tridents, AN-24S and IL-14S has been boosted with the purchase of seven Boeing 737-200s, four Shorts 60s and Twin Otters since 1983.

Mr Yu said CAAC plans to build new airports in Guangdong, Guangxi, Hubei, Hunan and Henan.

Airports are already under construction in Beihai and Meixian in Guangdong province and these are expected to be in operation by the end of next year.

Work on new airports in Huanghua and Luoyang in Henan Province will begin this winter with opening dates scheduled for late 1987, Mr Yu said.

Expansion of existing airport facilities is under way in Wuhan, Ichang and Sasi in Hubei Province, Dayong and Yueyang in Hunan, Wuzhou in Guangxi, and Shenzhen and Zhuhai in Guangdong Province.

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GUANGXI TO IMPROVE EXPORT TRANSPORT ABILITY

HK070442 Hong Kong HONG KONG STANDARD in English 7 Oct 85 p 4

[Article by Esme Lau]

[Text] Guangxi will improve its sea, land and air transportation to facilitate speedy delivery of exports from its various regions to Hong Kong and other countries.

This was disclosed by the deputy chief of the Secretariat of the Foreign Economic Relations and Trade Commission of Guangxi, Mr Huang Guolin.

At present, Hong Kong ranks first among Guangxi's some 100 trading partners with goods valued at US\$84 million exported to the territory during the first eight months of this year.

In 1984, US\$150 million worth of products were exported to Hong Kong, accounting for 46.5 percent of the total.

In view of this, Mr Huang said a five-year, five-phase project to dredge deeper the section of Xijiang between Wuzhou and Gui Xian was adopted.

With the first phase already begun earlier this year, it was hoped that cargo ships of 500 to 600 tons could be able to navigate through Xinjiang during the dry season from November to April.

Such a project will enable large carriers to sail direct from Gui Xian to Hong Kong, thus avoiding the present time-consuming trip which requires smaller ships to deliver goods to Wuzhou beforehand.

Besides, the rail network linking the provincial capital, Naning, and Fon-cheng, its southern city, would be completed by the middle of next year.

"With this network, part of the goods can be delivered to Naning and then to Fongcheng, from where cargo ships can sail directly to Hong Kong," Mr Huang said.

This could help lessen the traffic pressure experienced by the shipping lane along Zhanjiang and Huangpu.

In June this year, construction work of an airport started in Beihai, one of the 14 open ports in China. There will be direct flights to Hong Kong when the project is completed.

According to the deputy director of the Foreign Economic Relations and Trade Commission, Mr Shen Yuefeng, if Guangxi's export could blime to US\$400 million this year, the portion shared by Hong Kong was likely to reach US\$160 million.

Mr Shen pointed out that the major export items included wild animals, such as armadillo, as well as rice, canned foods and domestic animals like pigs and chickens.

Statistics revealed that these products account for a quarter of Guangxi's exports and 80 to 90 percent of them were for sale in Hong Kong.

Mr Shen noted that competition was keen in local markets since both the quality and packaging of these Chinese products were less attractive to local buyers.

Meanwhile, a Guangxi export product exhibition will be held in Hong Kong from 28 November to 11 December.

More than 10,000 products representing 1,800 kinds of goods will be on display.

Organizers hope that the exhibition will attrract orders worth US\$20 million.

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